DOCUMENT RESUME

ED 155 484 CE 017 143

AUTHOR Krone, Paul R.
TITLE Starting and Managing a Retail Flower Shop. The Starting and Managing Series, Volume 18.
INSTITUTION Small Business Administration, Washington, D.C.
PUB DATE Feb 70
NOTE 127p.

EDRS PRICE MF-$0.83 HC-$7.35 Plus Postage.
DESCRIPTORS Building Plans; *Business; Equipment; Financial Support; *Floriculture; Greenhouses; *Management; Merchandising; Merchants; Money Management; Personnel Needs; *Planning; *Retailing; Salesmanship; Telecommunication
IDENTIFIERS *Flower Shops

ABSTRACT

This booklet is intended to give a general idea of what is required to set up and manage a flower shop, to point out some of the problems and rewards, and to tell where to find more detailed information. First, an overview of the business is provided, telling the background required in education and experience as well as the amount of profit that can be expected. Advice is then given on the following topics: location of the business, buying an existing business, financing, and types of business ownership, especially as they are affected by taxes. The physical design of the shops is described, focusing on the areas of storefront, salesroom, workroom, office, and delivery area. Following a general review of equipment, refrigerators and lighting are treated in more detail. The purchase and care of flowers are delineated as well as the advisability of having a greenhouse in the store. Pointers are given on selling techniques and the effectiveness of advertising is considered. Money management, including budgets and financial statements, is emphasized, and determining the pricing of merchandise is explained. Also, the training and hiring of employees, particularly of sales help, is reviewed. Because of the importance of wire service orders in the flower business, a chapter is devoted to that topic. For more information, a list is provided of books, periodicals, associations, wire services, and government publications. (ELG)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED155484

The Starting and Managing Series
Volume 18

Starting and Managing

A Retail Flower Shop

By Paul R. Krone

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

OE 017 143

Small Business Administration
Washington, D.C. 1970

SMALL BUSINESS ADMINISTRATION

Hilary Sandoval, Jr., *Administration*

PROCUREMENT AND MANAGEMENT ASSISTANCE

William F. Murfin, *Associate Administrator*

OFFICE OF MANAGEMENT ASSISTANCE

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402 - Price $1.20

Foreword

Many persons with artistic or creative ability feel a strong need or desire for greater freedom in the use of their talents. Since most of us spend the best hours of our best years earning a living, that desire often takes the form of a dream of owning and managing a business in which the creative ability can be used. In that situation, the dreamer believes, he will be able to express himself without the frustration of having to conform to limitations imposed by someone else.

But what happens if the dream comes true? The new businessman is likely to become bogged down in the mechanics of running the business, with little time, after all, for creative expression. All too often, he ends up with nothing left of his dream but a pile of debts, an empty bank account, and bitterness added to his frustration.

For running a business requires more than artistic or creative ability. The owner-manager of a small business must attend to many prosaic and purely practical duties, and these often take precedence over the expression of artistic ability. He

finds that he has exchanged one boss for as many bosses as he has customers. Practical, hardheaded management thinking and acting are necessary if his undertaking is to survive in the business world.

So, in the florist business, the would-be owner-manager of a retail flower shop needs more than love of flowers and a green thumb. He must also be equipped with a good understanding of the principles of business management and their application. He must be skilled in the technical aspects of handling and caring for flowers and plants on a commercial scale.

Starting and Managing a Retail Flower Shop is intended to give the reader a general idea of what is required to set up and manage a flower shop. It points out some of the problems and rewards that can be expected and where to get more detailed information.

The author, Paul R. Krone, is professor emeritus, Michigan State University, East Lansing, Michigan. He has served as executive vice president and managing editor of the Michigan State Florists Association and as executive director of Roses, Inc., a commercial rose growers' association.

This booklet is being issued as part of the management and technical publications program of the Small Business Administration's Office of Management Assistance, Education Division, Wendell O. Metcalf, Chief. It was edited by Jean B. MacArthur under the administrative direction of Robert A. Litzberg, principal technical editor.

HILARY SANDOVAL, JR., *Administrator*
Small Business Administration

FEBRUARY 1970

Contents

1	A Look at the Florist Business	1
2	So You're Going To Be a Florist—Where?	5
3	Buy a Going Business or Start New?	15
4	Financing Your Business	22
5	Types of Business Ownership	34
6	Planning the Shop	38
7	The Equipment for a Flower Shop	44
8	Planning Your Refrigerators	51
9	Lighting the Store	56
10	Buying for the Flower Shop	60
11	The Care and Handling of Flowers and Plants	67
12	The Personnel To Run Your Shop	75
13	Some Pointers on Selling	79
14	Advertising and Promotion	85
15	Pricing Your Merchandise	93
16	Financial Management	99
17	A Greenhouse With Your Store?	108
18	Flowers by Wire	115
19	Where To Get More Information	118

Chapter 1

A Look at the Florist Business

Owning and managing a retail flower shop—what does it offer? If you enjoy working with flowers and plants—*working* with them, not just admiring them—the retail florist business offers a career that can bring you pleasure as well as profit.

You'll be working in a pleasant setting with objects of living, natural beauty. You'll be doing or supervising tasks that vary throughout the day and throughout the year—caring for an ever-changing array of flowers and plants, preparing them for sale and selling them, designing floral arrangements, setting up store and window displays, planning your inventory. You'll often have to work long hours, especially at holiday periods, but it will be at something you like to do. You'll have more opportunity for creative, artistic expression than you would have in many types of businesses.

What Are the Requirements?

To become the owner-manager of a retail florist shop, you must have a basic knowledge of flowers

and plants and an understanding of their needs. Customers will want advice, so you'll need to know something about soils, plant nutrition, insect and disease control, and light and temperature requirements. A knowledge of the proper methods of handling cut flowers so as to provide maximum customer satisfaction is a must.

All these must be combined with skill in making attractive floral arrangements, enthusiasm, a pleasant personality—*and management ability*. Don't make the mistake—as many do—of considering only the creative tasks you'll have and ignoring the routine business duties that are a part of running any profitmaking enterprise.

You must know something about business and management techniques. Once you go into business for yourself, you'll have the same management responsibilities as any other business owner—buying, selling, pricing, recordkeeping, making reports, watching costs, planning profits, counting money, attracting and keeping customers, and so on. You'll have to be a very good manager indeed if you are going to find the time you want and need for the creative aspects.

Education. The owner-manager of a florist shop should have some formal education in floriculture. Several universities offer regular 4-year programs, and others offer 2-year courses in practical floriculture. If possible, choose a school that offers special courses in the retail aspects, with special emphasis on business and management. The second-best plan of action is to major in business management at a university and take what courses are available in floral design and plant materials.

There are a number of floral design schools throughout the country. The courses range in length from 1 to 6 weeks and provide a good basic background in flower arrangement. Some of them also include certain aspects of management. Because of the limited time, however, these courses cannot cover the subject thoroughly enough to give you a safe start for a shop of your own. You'll need additional training in business management and some practical experience. You can probably find a school in your area that offers daytime or evening business courses.

Experience. Experts in the retail florist field recommend that a prospective florist get at least 3 or 4 years of practical experience working for another florist before he ventures into business for himself. It's a good idea to work in several shops in order to become familiar with different types of stores and methods of operation.

Does this seem like a discouragingly long period of preparation?

Remember that when you put your money into a shop, you'll be taking a step that will affect the rest of your life, whether you succeed or fail. If you fail, your life savings will have gone down the drain. If you succeed, your success will probably be greater if you are well prepared before you start.

While you are getting the preparation that will give your business a good foundation, you can be working on another requirement for business success—gathering enough capital to get started and to weather the months before your business begins to show a profit. The problem of financing your business is discussed in chapter 4.

How Much Business Can You Expect To Do?

The goals you set for yourself and the community in which you open your florist shop will determine the dollar sales volume you can expect. Some florists are content to do just enough business to provide an adequate living. For them, this seems to be the most satisfying size of business. Others seek to earn higher incomes, and it is possible for them to do so in this business.

According to a survey of 22,000 flower shops conducted by the U.S. Department of Agriculture, almost 90 percent of the shops had annual sales volumes of less than $100,000, and three-fourths of those had sales of less than $50,000 a year. On the other hand, 1½ percent had annual sales of more than $250,000. From this information, you can see that there is a wide range of sales volume within which to set your goal.

But goals are limited by the size of the community in which you open your business. Obviously, the chances of generating large sales volume are better in a large community, where there are more potential customers. Sales volumes vary widely within a community, however, and communities of about the same size differ in their ability to support the florist business. A survey was made of cities of comparable size to study how many people are needed to support a flower shop. It was found that New Orleans, for instance, had one flower shop for every 10,500 people; Providence, Rhode Island, had one for every 7,250 people.

What Financial Returns Can You Expect?

The retail flower business offers a way to earn a comfortable living if you have what it takes. The amount that can be earned depends on a number of factors—the owner's ability, his desires, the number of

potential customers at the location chosen, the characteristics of the community in which the shop is located.

In a study of the florist business involving approximately 300 shops, the average net income of the proprietors (combined net profit and proprietor's salary) was computed for shops with different gross sales. The incomes varied as follows:

Annual gross sales	*Average earned income as percent of gross sales*
More than $100,000	14.1
$60,000 to 100,000	18.9
$25,000 to 60,000	17.8
Less than 25,000	15.5

These figures, of course, are averages for all the florists in each sales group. Some in each group enjoyed a higher income; some earned less than the average.

Converting these percentages to dollars by applying them to arbitrarily selected volumes suggests the following approximate dollar incomes. Remember, again, that these figures are averages.

Annual gross sales	*Approximate earned income*
$125,000	$17,500
75,000	14,000
50,000	9,000[1]
25,000	4,000[1]

[1] In shops with $25,000 to $50,000 gross annual sales, both man and wife usually work. Often other family members are employed at the shop, too. The income shown here applies only to the proprietor himself. Any wages for his wife or other family members were included in this study as an expense under "Wages" and would be in addition to the family's income as shown here.

Chapter 2

So You're Going To Be a Florist — Where?

If you decide to open a flower shop of your own, you'll have many important decisions to make—decisions that require careful investigation and study. You can probably carry out some of this investigation while you get your training and experience.

One of the most important decisions to be made is where to establish your shop. You'll have to choose first the city, then the area within the city, and finally a specific site. Many failures in the flower business occur because the owner didn't investigate thoroughly enough the need for a flower shop in the community or location he has chosen.

Selecting the City

You may be tempted to set up your business in your hometown. This offers some advantages, no doubt, but it may also have some disadvantages.

Your friends will probably be good potential customers, but friends alone can't support a business. You'll need to win many additional custom-

ers, and whether this can be done depends on several factors. You must evaluate your hometown just as carefully as you would any other community. Here are some points to consider in selecting a city for your business.

Type of community. Generally speaking, customers in the medium-to-higher income groups make the best flower-shop customers. Consequently, communities with a large percent of the population on this income level are preferred. The people living in these communities usually have more social functions. They use flowers more often. They also spend more freely for gifts and for floral arrangements when there is sickness or death.

It is wise, therefore, to get an estimate of the average annual income of the folks within a community before you decide to set up your shop there. Sometimes you can get this information from chambers of commerce, real estate agents, or banks. For a rough estimate, find out the average rent paid for homes in the area. In general, families spend 20 percent of their income or a little more on housing. Observe also the appearance of the homes. Are they well kept? Are the lawns and gardens well taken care of?

The population of the surrounding community as well as that within the city proper must be taken into consideration. A city surrounded by prosperous farming country or prosperous suburban areas is usually better than one surrounded by poor or neglected land where there are few people financially able to buy many flowers.

Another barometer in selecting your location is the amount of new homebuilding in the community you are considering. The demand for garden supplies, bedding plants, shrubs, and sometimes even will usually be good in a new community since people take great pride in a new home. They are likely to spend money beautifying their homes and grounds—though they are sometimes too hard pressed by mortgage payments to spend as much as they would like on flowers for other purposes.

The age of the people in a neighborhood also makes a difference. Usually, those living in a young neighborhood are making new friends and building new businesses or careers. They entertain often and use flowers for that purpose. On the other hand, in a neighborhood of older people, there will probably be more sicknesses and deaths among friends of the residents. Consequently, there will be more hospital and funeral orders than in a younger neighborhood.

Still other points about the community must be studied. A city with a number of different industries is usually considered better than

one where only one or two industries support the community. There is less danger of serious or permanent work stoppages that result in lowered customer income throughout the community. The prevailing nationalities and even religions may also cause variations in the spending for flowers. In rural areas, a county seat is to be preferred, because it usually serves as a shopping center for the surrounding area.

All the factors discussed above should be looked into when you are deciding whether a given city is the right place for your flower shop.

Per capita retail sales. Per capita retail sales may be a guide in judging a city for your flower shop. Per capita or per family retail flower sales is a still more important key if the information is available. In most cases, however, this figure must be estimated.

The importance of studying the per capita retail flower sales for the individual community was shown clearly in a survey conducted in eight Michigan cities. The survey found wide variations among the cities, with per capita expenditures for flowers ranging from $2.85 to $8.50.

Perhaps you are thinking about buying an established store that is a member of one of the major telegraph-delivery organizations. If so, you may be able to estimate the total volume of flower sales in the community from the reports the wire services issue to their members. They report the total wire-order business done by their members in each city where there are more than three members. From this information, the total volume done by these shops can be computed. Information about shops that are not members can be based on observation.

You can estimate the volume of business done by a flower shop roughly by assuming that for each employee the shop should be doing $15,000 to $18,000 in gross sales. This figure applies to a shop doing largely a service-type business—that is, a good percent of the sales are in floral arrangements, which are usually delivered and charged. A shop doing a large percent of cash-and-carry business, with little design work, would average more sales per employee.

The competition. Find out how many *good* flower shops are already doing business in the community. As previously pointed out, the number of shops a given population can support varies. In some cities, one florist shop per 10,000 population might be too many. Other cities might provide enough business for 3 shops per 10,000 population. It depends on characteristics of the community such as those discussed above.

The quality of the flowers and arrangements turned out by the other shops in town and the personalities and aggressiveness of the owners are also major factors to be considered. A large percent of flower sales are built on personal contacts.

It would be unwise, of course, to open a shop in a town that is already more than adequately supplied with florists. But on the other hand, it is usually easier to increase flower sales in a community already accustomed to using flowers than to go into a new community where flowers have not yet become an important part of the way of life.

In most cities, the market is far from saturated, and the addition of another florist doing his share of advertising and promotion will tend to increase total flower sales. A progressive new florist usually adds enough new business to the community to offset what trade he draws from existing shops.

Availability of supplies. It is important to find out whether you can get the supplies you need in the community or from not too far away. This applies particularly to potted plants and cut flowers.

If the producers or wholesalers are quite far away, and especially if transportation between their community and yours is not good, you'll be taking a bigger gamble for two reasons: (1) Transportation costs will be higher than they would be if you were closer to your sources of supply. (2) Your losses will be increased by the need to keep larger stocks of perishable items on hand than you would otherwise need.

Selecting a Location Within the City

Selecting a good location within the city is just as important as selecting the right city for your flower shop. The best location is one in a good area that permits close contacts and acquaintance with people who are good prospective customers. This is true even though a large percent of the sales of most florists are made by telephone.

Your shop should be in an area that will lend prestige and where it will be seen by as many people as possible. This increases the value of window and other displays. People who see your shop will remember it and be influenced to do business with you, even though they order later by phone.

If you are buying a going shop, it is especially important to consider its location. A site that was excellent 25 or 30 years ago, when the shop was first opened, may not be good today. On the other hand, it may have improved.

Changing neighborhoods. Many factors bring about changes in the character of neighborhoods. You should look into the likelihood of such changes for any site you consider. Population centers and shopping areas often change within a short time—a look at any large city will show this.

Sometimes the movement of factories or other businesses into or out of an area will change the entire pattern of the neighborhood. An area whose residents a few years ago were good prospects for flower customers may now be occupied by low-income people who are financially unable to buy flowers. Within a relatively short time, a residential area may have changed completely into an industrial area.

Changes also occur in street patterns. The development of a superhighway, particularly a limited-access highway, may divert traffic. Changing a street to one-way traffic going the wrong way for a flower shop would reduce the value of a location for you.

When you find a location that appears to be satisfactory, check with the city planning commission. Make sure that no plans are being made that might, within a few years, greatly lower the value of the site for a florist shop.

How useful are traffic counts? The number of vehicles or pedestrians passing a location affects the value of the site for a flower shop. To be really useful, however, a traffic count must be studied carefully. Knowing the number of vehicles or people passing the location isn't enough. You also need to know who they are and where they are going. What percent of the passersby are prospective customers? How many are likely to stop?

Traffic moving rapidly from one community or suburb to another is not as good as local traffic. Drivers in local traffic, even if they don't stop, will see your shop and perhaps call you when they need flowers.

Note also the speed of the motor traffic. If it moves past your store at more than 40 miles an hour, the passengers will have little time to observe your store—unless you have a large and spectacular display area with lots of frontage.

In the case of pedestrian traffic, it is well also to know who the people are, where they live, and what they are doing in your neighborhood. People often prefer to buy flowers in shops near home—from people they know and with whom they have some personal contact. They want to be sure they can depend on the artistic ability of the florist and on the quality of his products, since most of the products are perishable and designing is an important part of the business.

In large cities, only a small percentage of the flower shops do a city-

wide business. Most of their sales originate within the surrounding area except for special types of sales. Industrial accounts, for example, may be solicited in some other part of town.

Your type of business. The type of business you want to do will influence your choice of a location. Most florists like to sell floral arrangements. They enjoy designing, and a talent for designing does give you a competitive advantage. If you prefer this type of business, you should look for a location with a reasonably heavy amount of both automobile and foot traffic and plenty of parking space.

From such a location, all types of business can be served, including walk-in or drive-in business. Party, wedding, hospital, and funeral work as well as industrial accounts can be handled. In most cases, industrial accounts are solicited by outside salesmen or through contacts made in service and social clubs, golf clubs, and other organizations.

The neighborhood shop. Most florists prefer a neighborhood shop. Enough parking space is usually available, and rents are likely to be lower than in shopping centers or downtown areas. The amount paid for rent should not be the only measuring stick, however. Sales volume may be so poor in a low-rent area that you can't make a good profit.

A neighborhood shop usually has more interior space than one in a downtown area or shopping center. It may also have outdoor space next to the shop for display and parking. The extra space provides a better sales and browsing area for bedding plants, garden supplies, and so on. Housewives, especially those with children, are more likely to drive to a neighborhood shop to pick up plants or garden supplies because it's more convenient.

A neighborhood shop, particularly if it has a small greenhouse attached, can expand its displays and make good use of promotion opportunities such as an annual open house. Elaborate or mass displays to draw people into the store or attract the attention of passersby can be used at Christmas and Easter and during the early spring months.

Shopping-center locations. Not many florists have their stores in shopping centers. Some who do have been very successful, but these shops are quite different from the typical flower shop. Much of the trade is walk-in business, and the proportion of gift and hard-goods sales is greater than in other types of outlets.

Rents are usually higher in shopping centers, and special assessments may be made for parking-area maintenance, snow removal,

cooperative decorating of the center for holidays, and cooperative promotions. Theoretically, the higher foot traffic and greater customer pulling power exerted by the convenience of a shopping center will make up for these higher overhead costs.

The percentage of funeral and wedding work sold in shopping-center stores is usually much lower than in other flower shops. Cash sales, on the other hand, make up a higher percentage of total sales. In many shopping centers, the owner or manager of the center strives for a low-price image rather than a prestige image. This limits the market for some types of flower sales.

Some florists in neighborhood locations open branches in shopping centers. They do so to stimulate pedestrian business and to get firm-name exposure that will benefit both the parent store and the shopping-center branch.

Locations near hospitals and mortuaries. Because a fairly large proportion of the florist business involves flowers for the sick or for funerals, some florists have put their shops near mortuaries or hospitals. However, most people would rather order flowers from their own florist and have them delivered than pick them up on the way to the mortuary or hospital and deliver them in person. Unless the location is also a good one for other types of sales, a site elsewhere may be better.

Hotel shops. In hotel flower shops, a large part of the business is made up of decorations for parties, conventions, and banquets held in the hotel. If you want to do a general type of business, a hotel is probably not the best type of location for your shop.

Many shops in hotels and also in hospitals and shopping centers are owned by florists who have their main store in other areas. Often these shops operate only as sales centers where orders are taken or arrangements sold. Because of the lack of space, much of the designing and makeup is done in the main store.

Which side of the street? Experience shows that, on one-way streets, people prefer to shop on the right side of the street from the direction in which traffic is moving; and, since flowers are so perishable, customers prefer to buy them on the way home. Therefore, if you hope for much walk-in traffic, a street carrying outbound traffic is better.

Other things being equal, the south or west side of a street is preferable to the north or east side. On the south or west side, less

direct sunlight normally strikes the display window, particularly when the sun is at its brightest and hottest. As a result, there is less reflection in the glass, and passersby can see the merchandise on display more readily.

A display window facing north—that is, on the south side of the street—will also be cooler. Perishable merchandise will last longer in window displays and can be used more extensively.

These considerations may be outweighed if the north or east side of the street is used predominantly by the better shops. In that case, other means of overcoming the problems of heat and light must be found. Reflections can be overcome, for instance, by increasing the intensity of the lighting inside the store. This will also highlight the store's interior and make it a bright spot on cloudy days.

Avoid failure sites. Get a history of any site you are considering. A location may develop a history of business failures. Usually, a little study will reveal the reason, but frequent changes of occupants should warn you to be cautious.

Zoning ordinances. If you are buying a site or a building, particularly in a residential area, it is important to check zoning ordinances. Check with the city officials, too, to make sure that no zoning changes are planned that would be violated by your type of business. This is especially important if you're planning a greenhouse in connection with your store.

Even if you are buying an established combination retail store and greenhouse or retail growing operation, check for zoning. Find out about present ordinances and any possible changes that might make it impossible for you to expand, remodel, or rebuild in case of fire or other catastrophe.

Your Building—Lease It or Buy It?

Will you lease your store building or buy or build one of your own? That question brings up others. Can you find a suitable building to lease? How much money do you want to invest—or how much can you invest—in your building?

Many florists who own their buildings have found it a good investment because of increases in property values. In some cases, on the other hand, the value of the location as a flower shop site has gone down because of changes in the character of retail shopping areas or traffic patterns.

If you own. If you own the building, you don't have to worry about losing your lease or having the rent raised. (You're still faced with increases in such costs as taxes, insurance, and upkeep, however.) Another advantage is that you can make changes without restrictions imposed by the landlord. Disadvantages of owning your building include the following:

1. You'll have capital tied up in the building and land that might be used more profitably in the business itself.
2. If you should want to sell, it might be harder to find someone with enough capital to buy both the business and the building.
3. Changes in the trading area may cause the value of the property as a store site to drop.

If you put money into a building of your own, that money should bring you an income just as if you invested it somewhere else. In your accounts, the store should be charged with either (1) rent or (2) interest, maintenance, upkeep, insurance, depreciation, and any other expenses of owning the building. If this point is overlooked, the amount shown as net profit on the business is not in fact profit.

Often, the owner sets up an account for the real-estate investment entirely separate from his flower-shop accounts. The store is then charged a rental based usually on the net sales volume.

If you rent. If you rent your building, you want to be sure that you will be able to stay in the same location if it proves successful. At the same time, you should be free to move after a reasonable length of time if the location does not prove satisfactory. A short-term lease with option to renew is the best way to take care of both these possibilities.

Before you sign a lease, be sure to have your lawyer check it, and study it carefully yourself. Notice details such as these:

1. Can you install and *remove* built-in equipment—refrigerator display cases, and so on?
2. Who takes care of repairs and renewals, including repairs to the building itself and to the heating or air-conditioning system?
3. Who takes care of maintenance and supplies?
4. Who makes needed alterations?
5. Who furnishes awnings, screens, and so on?
6. Who pays for utilities?

7. Who pays for insurance on the building and properties, including liability insurance?
8. Can you sublet all or any part of the property?
9. Are there any mortgages or other claims against the building that could make trouble for you?

How much rent should you pay? A common type of lease held by many florists is one that provides for a minimum rental plus a percent of net sales beyond a stated amount. In computing the cost of renting as a business expense, think of it in terms of the "cost of occupancy." Cost of occupancy includes rent, heat, water, extra assessments such as parking-lot maintenance, and any other expenses involved in the use of the building. It should be computed as a percent of net sales.

In the flower business, average occupancy charges are about 3 to 7 percent of net sales. Many florists, in computing how much they can afford to spend for occupancy, combine the amounts for advertising and rent. They try to keep the total within 10 to 12 percent of sales.

This policy is based on the idea that if a location is very good, you can spend less for advertising and can therefore afford to pay more for rent. In a low-rent location, on the other hand, you will probably need more advertising to attract customers. Treating rent and advertising expense as a unit takes account of this relation between rent and advertising expense.

Chapter 3

Buy a Going Business Or Start New?

One of the first questions you'll have to decide is whether to buy a going business or start a new one. If you choose to start a new shop, you'll have more freedom of choice about a number of things —your location, the name of your business, your personnel, and so on. But starting a new business has some special problems, too—these, for instance:

- It's usually harder to get financial backing for a new undertaking than for the purchase of a going business—unless you have enough funds to gamble alone.
- Building a clientele is a slow process. Few new shops show a profit in the first year, and many are not profitable for 5 years or more. You must be prepared to finance the store and your living expenses until you take in more than you spend.
- You'll have to find a community in which you believe you can compete successfully with florists who are already well established there.
- You'll probably have to start smaller. This means less help and therefore more hours in the shop, since you'll have no one to leave in charge.

Advantages of Buying a Going Business

Probably (though not always) the arguments for buying a going concern will outweigh those for starting a new shop—provided you can get a good one at the right price. What are some of these arguments in favor of buying an established business?

- If the store is already doing a good business, you can expect to have about the same sales volume during your first year. What happens after that is up to you.
- You can also expect your operating expenses to be about the same as before. This will make it easier to estimate how much working capital you need to start with.
- You'll have one less competitor than you'd have if you opened a new store in the same area—which means that a larger share of the community's business will be available to you.
- If you buy the accounts receivable along with the business, the income from these accounts will offset much of the delay in receipts due to new credit sales you make.
- Creditors may not accept you on the same credit basis as the former owner, but his references will help. In some instances, he may guarantee your accounts payable to a limited extent.
- Your starting investment in the business will probably have to be larger than it would be if you were to start small and build your business from the ground up. For reasons involving taxes, however, the seller is likely to require only a moderate downpayment; and you can usually make the payments over a longer period of time than you could if you purchased new equipment.
- It's usually easier to get membership in a wire organization by transfer from the former owner of a profitable business than as the owner of a new shop.
- Because of increases in construction costs, buying an established business should cost less in the long run than building a new shop and developing a comparable volume of business. This is particularly true of a florist shop that has its own greenhouse, unless land values have boosted the selling price beyond reason.

These arguments all depend, of course, on your being able to buy the right place at the right price. And there are some disadvantages in buying an established business. Whether the location is just what you want or not, you'll probably have to go on doing business there, for a time at least. If you find it necessary to remodel the building, it may cost more than building a new one. And in any case, as mentioned above, you may have to scrape up more money to start with.

Investigate Before You Buy

If you decide to buy a going business and find one that looks just right, don't jump at the chance. Approach it with a wary eye and look it over from all sides.

Don't try to do this alone. Have an attorney and an accountant check the records of the business, any contracts currently in force, and any agreements you have to sign. They know what to look for, and they can be much more objective about the investigation than you can.

Why is the owner selling? Check carefully the present owner's reasons for wanting to sell the business. He may, of course, have a perfectly good reason that shouldn't put you off from buying the business. But it's up to you to find out whether this is the case.

Has the business been profitable? If the owner is retiring, has he really made enough from the business to allow him to retire, or does he just want to get out before he goes broke? Is the site in danger of being condemned for public use? Is the neighborhood changing in an unfavorable way? Have there been labor troubles that would be hard for you to overcome? Is the site too small for the business, with no way to expand it? Have customers been lost because of inferior merchandise or incompetent management?

It may not be easy to find out the real reason for the sale of the business, but it is important.

Study the financial records. With your accountant's help, examine the company's financial records for some years back. You can learn much about the business from these records.

Study the trend in gross sales and net income. Is the net income increasing? If not, why? It's possible for net income to go down even though the sales volume is going up. If this has happened, what caused it? Can the trend be corrected?

How do merchandise costs and overhead expenses, as well as net profit, compare with those of other florists or with industry averages? (Such figures have been published in the *Michigan Florist*, the *Pennsylvania State Florists Bulletin*, and the Transworld Delivery Association's *FTD News* and *Florist*.

Would you have any chance of improving the cost picture? Or is it, perhaps, likely to become even worse because of some local factor? Does the profit-and-loss statement reflect *all* expenditures, including wages paid to the owner or to members of his family for their labor?

The merchandise account. The merchandise account should be examined closely. Is the quality of the flowers and plants used by the present owner up to your standards? Can you continue to buy at the same price level that he has? If you are buying a business that also has a greenhouse, has the owner charged plants and flowers that he has grown against his retail-store merchandise account and at a logical price? (See chapter 17.)

If the ratio of merchandise costs to gross sales seems to be out of line, look for the reason. It might be any of the following:

- Flowers and plants may be high priced in the local wholesale market.
- The seller may be careless about using the right amount of merchandise in filling orders for floral design. He may be "throwing in" or giving away too many extra flowers. If so, can this be corrected?
- The seller may have been using too low a markup. Can you increase the markup and still compete successfully with other florists in town?
- Unwise buying and improper care of perishable merchandise may result in above-normal losses. Will you be able to reduce the losses with better buying and better care and handling of the flowers?

Accounts receivable. If you buy the accounts receivable, be sure to discount them according to the chances you have of collecting them. In general, accounts that have been on the books for 3 months should be discounted 10 percent; those on the books for 4 months, 14 percent; 5 months, 19 percent; 6 months, 37 percent; and 12 months, at least 50 percent.

Inventory. Examine carefully the inventory declared by the owner. Does it include any items for which no return can be expected? If so, they should be discounted before the value of the inventory is agreed upon. Determine also whether the fixed assets or inventory have been overexpanded for the size of the business.

Goodwill. One of the first points to consider in determining whether the owner has priced his business fairly is the value he has allotted to "goodwill." He is entitled to compensation for the volume of business he has built up over the years, but goodwill is easy to lose. Some of it will leave with the owner. In some instances, it may have been built up by key employees. If they leave to start businesses of their own or to work with someone else, they may take with them a large share of the business that goodwill represents.

There are many methods of figuring the value of goodwill. One of the simplest is to total the net profit (not including the owner's salary) earned by the business over a period of 3 to 5 years and consider that total to be the value of the goodwill.

Price and Profits

If the business appears sound, you must decide whether the price and the payment terms are fair. And whether you will be able to pay for the business at the rate specified in the purchase contract. You should be able to meet the payments from the income and have enough left for living expenses and to expand the business. Money put into purchasing a business should be treated like any other investment. You should expect it to bring you, in addition to your salary, an income equal to the interest and/or dividends you would receive if you invested the money elsewhere.

Consider the amount of net profit—over and above the owner's salary—that the business has earned over the years. It is from this net profit that any borrowed capital, with interest, will have to be repaid.

Check the books carefully over a period of years to be sure that the profit figures shown are accurate. Knowing the net profit for the past year only is helpful; but when you are trying to determine the worth of a business, you should study the net profit earned by the business over a period of from 3 to 10 years. This lessens the possibility that you will be misled because of some unusual circumstance that distorted the figure for one particular year. It isn't out of line to ask the owner to show you his income-tax reports, too. They should give you accurate and perhaps conservative figures.

In assessing how profitable a business has been, it is safer to compare total net income rather than net profit, because methods of keeping accounts differ. Some owners take only a low salary, with the result that their net profit appears relatively high. Others may take a high salary, leaving a smaller amount to be shown as net profit. The latter practice is likely to be followed in a business that is incorporated.

Tax Obligations

Everything having to do with taxes should be studied with great care. You'll need the help of a lawyer or accountant who is familiar with the provisions of the tax laws as they affect buying and selling a business.

Remember that property taxes are the obligation of the titleholder

of record at the time the tax is imposed. The purchase agreement should provide for prorating current taxes between buyer and seller.

Leases and Franchises

If the business is in a leased building and you want to continue at the same site, be sure that the lease can be transferred and extended and that it contains no clauses you object to. If the site is not satisfactory, find out whether the lease can be canceled.

In fact, all leases, franchises, and other long-term contracts that you will be taking over should be checked. Be sure there are no tax or other liens and that the seller is legally able to transfer a good title to the purchaser.

Look at the Future

Consider not only how well the business is doing now but also what the chances are that you will be able to increase sales. Is the market saturated, or can it be expanded?

Plot the sales trend for the store you are studying against that for the industry as a whole. Is this business progressing as well as other firms? How does it compare with general sales of other retail goods?

How much sales volume and how many customers are you likely to lose when the business changes hands? And how about the employees —are there some who might leave and take customers with them to another shop?

Get a written agreement from the owner that he will not go back into business within your market area for a stated period of time. If possible, get the same agreement from his wife and adult children to prevent them from capitalizing at your expense on their connection with the business being sold. Consult your attorney for the proper way to do this.

Before You Close the Deal

The importance of having an attorney study all contracts cannot be overemphasized. Here are some final points to check before you close the deal:

- On what date do you actually get possession and just what do you acquire?
- What will be your obligations for any of the seller's liabilities?
- Are you buying the accounts receivable, and are they to be collect-

ed by you? Or will they be retained by the seller or sold separately to a third party?

- Have proper adjustments been made on property taxes, prepaid insurance premiums, utility company deposits, utility bills payable, and accrued payrolls?
- Are property deeds in order? Has title been confirmed and the change properly recorded?
- Are all goods held by the seller on consignment properly identified as such, and has the consignor been notified of the impending sale? Has he agreed in writing to the change of consignee?
- Have employees been notified of the change in ownership and have arrangements been made to continue their employment and any existing fringe benefits—for example, pensions? Are accumulated pension funds, if any, properly accounted for?
- Have your suppliers and wholesalers been notified and credit terms arranged for?
- Has the seller given you endorsed insurance policies, certificates of utility deposits, and so on?
- Have you checked the possible existence of tax liens?
- If the seller belongs to a wire organization, have you notified the home office of the organization that you are buying the business and applied for transfer of the membership to you?

Chapter 4

Financing Your Business

The first question that comes up about financing your business is, "How much do you need?" Some florists have started on a shoestring and made a go of it, but the odds are against succeeding this way. You'll run a much greater risk of losing your shirt if you try to start with too little capital.

How much you need depends on a lot of things. On the type of shop you have in mind, your location, the sales volume you hope to reach, how fast you can build that volume—even the time of year when you open for business.

It's possible to start a very small floral business for from $3,000 to $5,000 of your own money. That is, you can rent a building, buy (partly on credit) a refrigerator and other equipment and supplies you'll need right off, and put in enough stock—including both hard goods and flowers—to get started.

But getting started is only part of the story. You must also have enough money to keep you going until your store begins to pay for itself and give you a profit.

Types of Capital Needed

In general, your needs for capital can be classified under the following four heads:

1. *Fixed capital.* This is the money or credit you need for getting ready to open—preparing the building and buying tools, fixtures, refrigerators, trucks, and other equipment that can't be readily converted into cash.

2. *Working capital.* Working capital is the money you need for running your business from day to day. It must cover such items as rent, light, salaries, insurance, telephone, installment payments, and so on. It must also include enough funds so that you can keep on buying merchandise while you get your accounts receivable underway. A large percent of the business of most retail florists is done on credit, and you must be able to continue to purchase merchandise—frequently, as a new florist, for cash.

Part of your working capital will be used for advertising and promotion. This continuing expense is most important when you are getting started, since you need to expand your business as quickly as possible. Many stores spend from 5 to 10 percent of their gross sales for promotions and advertising during the first few years they are in business. Later, as your store becomes known and your gross sales increase, you may be able to reduce this percent—and even the actual dollar amount spent.

Working capital includes cash on hand and in the bank, accounts and notes receivable, and immediately marketable investments. It may also include inventories of flowers and other quickly marketable items. How much you need will depend on the volume of business you expect to do. It will also depend on whether you are buying an established business, including the accounts receivable, and on the time of year you open for business. It should equal your expected expenses of doing business *for at least 6 months*—preferably a year. Neglecting to provide for enough working capital has brought failure or a poor credit rating to many new small businessmen.

3. *Funds for living expenses.* Most new businesses don't show a profit for 2 or 3 years. Hold back enough funds to provide for your family during that time.

4. *A financial cushion.* Most prospective business owners underestimate the amount of money they need to get started. Don't overlook the need for cash to pay legal expenses, accounting expenses, fees for licenses and permits, utility deposits, interest and mortgage payments,

installment payments on equipment, taxes, and so on. And allow some extra to take care of unexpected expenses—some of them are certain to come up.

What Does Time of Year Have To Do With It?

In the flower business, sales vary a good bit from month to month. For example, a florist in the north who operates a greenhouse or garden center in connection with his store normally has a higher sales volume during the late spring and early summer months—the normal garden-planting season in his area. March and April business will depend on when Easter falls. Sales will be higher in December than in the months just before and after. August sales may depend on whether that month is popular for weddings in the community.

These variations from month to month explain why you must consider the time of year in figuring how much starting capital you need. Since much floral business is done on credit, you must have enough money in reserve to carry you until your customers start to pay. Therefore, you will need more capital for this purpose during the busy months, which are mostly those in which major holidays fall. However, the higher sales volume at the busy times also means that the money you have put into your merchandise will come back to you more quickly.

During the summer months, on the other hand, a lower volume of business is to be expected. You won't have to put as much money into merchandise, but you'll have to pay overhead expenses such as light, rent, labor, and so on with less income than you could expect during the busier months.

So How Much Will You Need?

If you are buying an established business, the present owner can give you good advice about how much capital you should have. If he doesn't have all the information you need or if you are opening a new shop, there are other ways to estimate it.

First, decide (1) how much business you would like to do and (2) how much you can reasonably expect to get. Try, too, to set a reasonable goal for your annual net income. What business you can reasonably expect to get depends on the total *potential* for flower sales in the commnity and the total *present* sales volume. (Some of the factors to be considered in estimating these figures are briefly discussed in chapter 2.)

The difference between these two totals will give you an estimate of how much you could add to the present sales volume in the community either with a new shop or by improving the management of a shop you buy. Don't, however, expect to get all this sales volume during the first year. It will be added slowly.

When you have decided what sales volume you can expect to achieve the first year, use schedules A and B (pages 27, 28, and 29) and follow the instructions below to estimate your starting capital needs. At best, the figure you end up with will be only an estimate, but that makes it all the more important that you judge your needs carefully on the basis of the best information you can get. Remember to take into consideration the time of year you intend to open your store for business.

Schedule A. This worksheet will help you estimate how much capital you'll need for major items of furniture, fixtures, and equipment. Don't try to pull the figures out of a hat. You'll have to do some legwork before you fill out the schedule.

Talk to suppliers of the various items. Listen to their advice, but don't acept it blindly. Study it in the light of the size and type of store you are planning and the money you have available.

You may decide that you don't need some of the items listed in schedule. A—and you may add some. Work your list over until you think it includes everything you can't do without and yet is within your reach financially. In filling out the schedule, be sure to read the instructions at the top of each column.

Schedule B. The items for which operating percents are given at the top of schedule B are defined as follows (all are expressed as *percent of net sales*):

Net sales—gross sales (not including sales-tax revenue) *less* all returns and allowances.

Cost of goods sold—beginning inventory, at cost, *plus* net purchases *less* ending inventory at cost. (Net purchases are gross purchases *less* returns and allowances *plus* freight in.)

Gross margin—net sales *less* cost of goods sold.

Operating expenses—all expenses of operating the business. See list in schedule B.

Net operating profit—gross margin *less* total operating expenses.

To complete columns 3 and 4 of schedule B for the business you are planning, take the following steps:

Step 1. *Estimate your annual sales volume and insert the amount in the heading of column 3.*

The best you can do for this figure is to make an intelligent estimate —the actual figure will depend on the amount of potential business in the area, the competition (number of competitors and their capability), and your own capability. You can get help in making your estimate from wholesalers, trade associations, your banker, the local chamber of commerce, and other businessmen.

Don't be too enthusiastic in estimating your sales. Most new businesses grow slowly at the start. If you overestimate, you are likely to invest too much in equipment and initial inventory. There's also danger that you'll commit yourself to heavier operating expenses than your actual sales volume will justify.

Step 2. *Divide your estimated annual sales volume by 12 to get the estimated average monthly sales volume. Enter the result in the first space in column 3, "NET SALES."*

Step 3. *Multiply the estimated monthly sales figure by the percent shown in column 1 for each item under "Operating Expenses." Enter in column 3.* This gives the estimated dollar amounts of your expenses for 1 month. Read the following notes before you carry out this step.

Enter a regular monthly salary for yourself. If you plan to have other members of your family help in the shop, include the prevailing wage rate for their services in "All other salaries and wages."

Occupancy, as used here, applies either to the expenses of renting business property or to ownership expenses. For rented quarters, the percent includes not only rent but also repairs for which the tenant pays, janitorial service, light and heat, and sometimes a monthly write-off of improvements paid for by the tenant, such as a storefront or remodeling. For owner premises, the percent covers such ownership expenses as depreciation, maintenance and insurance for the building, real-estate taxes, mortgage interest, janitorial service, and utilities.

For the monthly expenses lumped together in schedule B as totaling 9.5 percent, make your own estimate for the individual items. Add any other expenses that occur to you.

Plan for the following types of insurance: fire, lightning and windstorm, use and occupancy, public liability, compensation, and robbery and burglary.

If you are going to offer customer credit, include an allowance for bad debt losses. *(Please turn to page 30.)*

Schedule A

SCHEDULE OF FURNITURE, FIXTURES AND EQUIPMENT

Suggested list. Omit or add items as required. Use separate sheets to list details under each main heading.	If you plan to pay cash, enter full amount below and in the last column.	If installment purchase, fill out columns below. Enter in the last column your downpayment plus at least one installment.			Estimate of your initial cash requirements for furniture, fixtures, and equipment.
		Price	Down-payment	Amount of each install-ment	
Display refrigerators	$	$	$	$	$
Supplemental storage case					
Display stands, shelves, tables					
Window display fixtures					
Wrapping counter					
Cash register					
Lighting					
Workroom tables					
Delivery equipment					
Safe					
Outside sign					
Other equipment:					
Total furniture, fixtures, and equipment (Enter total also in schedule B under "Nonrecurring initial capital requirements.")					$

Schedule B

INITIAL CAPITAL REQUIREMENTS FOR A FLOWER SHOP

Estimated operating ratios expressed as a percent of net sales and applied to various annual sales volumes

	Percent	Annual sales volume		
Net sales	100.0	$30,000	$50,000	$100,000
Cost of goods sold	46.1	13,830	23,050	46,100
Gross margin	53.9	16,170	26,950	53,900
Operating expenses, including 12 percent for owner-manager's salary	48.9	14,670	24,450	48,900
Net profit	5.0	1,500	2,500	5,000
Average inventory		1,170	1,950	3,900

MONTHLY SALES AND OPERATING EXPENSES

Item	Estimated percent of net sales (1)	Illustration; Dollars/month based on annual sales volume of $48,000 (2)	Your estimate of monthly sales and expenses based on annual sales of $_____ (3)	Your estimate of initial cash requirements (4)
NET SALES	100.0	$4,000	$	
OPERATING EXPENSES:				
Salary of owner-manager	12.0	480		$
All other salaries and wages	11.9	476		
Occupancy	6.5	260		
Advertising	2.2	88		
Delivery expense	3.0	120		
Supplies	1.9	76		
Depreciation: fixtures & equipment	1.9	76		

Telephone and telegraph	9.5	380		
Insurance (other than building)				
Donations and dues				
Taxes, including F. I. C. A.				
Bad debts				
Interest (other than building)				
Maintenance (other than building)				
Travel and entertainment				
Legal and other professional fees				
Commissions to agents				
Miscellaneous				
Total average monthly operating expenses	48.9	$1,956	$	

NONRECURRING INITIAL CAPITAL REQUIREMENTS

Purchase of real estate, if any	
Decorating and remodeling	
Fixtures and equipment	
Installation of fixtures and equipment	
Initial inventory	
Accounts receivable	
Deposits with public utilities	
Initial advertising and promotion expense	
Cash	
Other	
TOTAL ESTIMATED INITIAL CAPITAL REQUIREMENTS	$

Step 4. *Enter initial cash requirements for operating expenses in column 4 as follows:*

Salary of owner-manager—enter 1 month or more.

All other salaries and wages—enter 2 months or more.

Occupancy—enter 2 months or more.

Advertising—enter one-fourth of your annual advertising budget.

Delivery expense—enter 2 months or more.

Supplies—enter 2 months or more.

Depreciation of fixtures and equipment—no entry in column 4, since no cash is involved when you start the business.

Telephone and telegraph—enter 2 months or more.

Insurance (other than building)—you may have to pay premiums for 1 year or more; enter initial cash required in column 4.

Donations and dues—enter 2 months or more.

Taxes, including F.I.C.A.—Enter 3 months or more.

Bad debts—no entry in column 4, since no cash is involved here.

Interest (other than building)—enter 2 months or more.

Maintenance (other than building)—enter 2 months or more.

Travel and entertainment—enter 2 months or more.

Legal and other professional fees—enter 2 months or more.

Commissions to agents—enter 2 months or more.

Miscellaneous—enter 2 months or more.

Total monthly operating expenses—no entry in column 4.

Step 5. *Enter nonrecurring initial capital requirements in column 4 as follows:*

Purchase of real estate, if any. If you are buying real estate for the business and purchase it outright, enter the total price. If you are financing the purchase by a mortgage, enter the total cash payment. If you are going to build, enter the total cost of construction.

Decorating and remodeling. Enter total estimated cost.

Fixtures and equipment. Enter total of the list from schedule A.

Installation of fixtures and equipment. Enter the cost of installing.

Initial inventory. Enter your initial inventory estimated as follows on the basis of (1) the operating percents at the top of schedule B, (2) your estimated annual sales volume, and (3) an estimated stock turnover. (A fairly typical turnover rate for a retail flower shop is 12 times a year. However, the rate of turnover for different kinds of merchandise sold in a retail flower shop would vary. For instance, cut flowers and potted plants that are very perishable should turn over at least every 3 or 4 days. Pottery and other nonperishable gift items might not turn over more than 3 or 4 times a year.)

First, figure the approximate cost of goods sold, or annual sales at cost value (46.8 percent of your estimated annual sales). Then divide this amount by the number of stock turns per year to get the estimated average inventory at cost. (Example with estimated sales of $50,000 a year: $50,000 x .468 = $23,400; and $23,400 ÷ 12 = $1,950, average inventory at cost.)

Accounts receivable. If you plan to offer customer credit, enter the amount needed to finance outstanding accounts receivable. To estimate this amount, first estimate (1) how much of your sales volume will be credit sales and (2) the average collection period. You can use average industry figures or, if you are buying a going business, the previous owner's records.

Suppose the average collection period is 45 days and credit sales are $50,000 a year. You are likely, then, to have 45/360 x $50,000, or $6,250, on the books. Remember that the amount will vary depending on the time of year you are planning to open your shop. It will be heaviest in the months following major holidays such as Christmas, Valentine's Day, Easter, and Mother's Day. Also, take into consideration the amount of credit you can get from your wholesaler to help you carry this load.

Deposits with public utilities. Enter the full amount that must be deposited.

Initial advertising and promotional expense. Enter total estimated cost.

Cash. For unforeseen requirements, special purchases, and so on, and for absorbing any initial losses.

Other. List any items not mentioned above.

Step 6. *Add all items entered in column 4, both operating expenses and nonrecurring requirements, and enter total at bottom of column 4.*

Sources of Money or Credit

There are a number of possible sources of funds for starting a new business. Study them all carefully. Avoid getting entangled in loans that carry high interest rates.

The most important source, of course, is your own savings. The more of your own money you can put into the business, the less interest you'll have to pay. Furthermore, banks and other outside sources from which you seek credit will be more likely to have confidence in your undertaking.

There are two reasons for this attitude. First, in saving the money,

you have already shown some degree of determination and ability to manage finances. Second, the lender wants to know that you have enough confidence in the business to be willing to risk your own money before he decides to risk his.

However, the chances that you will have enough funds on hand to finance your business alone are slim. What other sources are there?

Relatives and friends. This is one of the most commonly used sources of starting capital. If you use funds from this source, be sure to have a formal, written agreement with the lender, just as if you were borrowing from a bank. Have a clear understanding that all decisions concerning the business are to be made by you, without interference from those who lend you the money.

Banks or other financial agencies. As a rule, any loan from a bank, other than short-term personal loans, requires either collateral or a financially responsible cosigner. Banks are in business to make loans, but they must protect their depositors' money.

Usually, a bank evaluates a loan applicant on the basis of the "3 C's" of credit: Character—Capital—Capacity. In judging your character, your banker will look into your reputation for honesty, willingness to repay, and ability to live up to the bank's requirements. As for capital, he'll want to know whether your assets exceed your debts, and by how much. He'll ask how much you've been able to save and whether you have invested it wisely. And he'll evaluate your capacity—your ability to conduct the type of business for which you want the loan. Do you have enough training and experience in the field to make it likely that you'll be able to succeed and repay the loan?

Economic conditions in the industry, the community, and the Nation as a whole may also affect the decision.

Life insurance. You probably carry life insurance. Most policies have a cash or paid-up value against which you can borrow. Avoid doing this if possible. You don't want to jeopardize your family's future.

Forming a partnership or incorporating. Both these forms of organization are ways of raising cash. Both have advantages and disadvantages. They will be discussed further in chapter 5.

Trade credit. Trade credit is the credit extended by a supplier to a buyer for goods purchased. If the goods are paid for in time to take

advantage of the cash discounts, trade credit costs the buyer nothing. If not, it can be one of the most expensive types of financing.

Sometimes arrangements can be made to extend the time allowed for payment on merchandise that will not be offered for resale right away. For instance, Christmas gift stock might be ordered in July or August but billed in December or January. The same kind of arrangement might be made for bulbs that must be delivered in the fall for use in growing cut flowers or potted plants that will not be sold until spring.

Trade credit available to new businesses is usually very limited. It is normally used only for working capital.

Delayed-payment plans. Some of the larger equipment, such as trucks, refrigerators, and certain fixtures, can be bought on delayed-payment plans. If possible, it's better to borrow the money from a bank or other reliable source. The interest will be less than the cost of carrying a delayed-payment plan.

Small Business Administration. If you are unable to get a loan on reasonable terms elsewhere, the Small Business Administration may be able to help you. And whether or not you need a loan, SBA offers personal counseling without charge. Get in touch with the nearest SBA field office (see list on inside back cover) or write to the Small Business Administration, Washington, D. C. 20416.

Chapter 5

Types of Business Ownership

One big question you will have to settle is what type of ownership your business is to have. Most small to medium-sized flower shops are *sole proprietorships*—that is, they are owned by one person only. Quite a few, however, are *incorporated*, and a few are *partnerships* or *partnership associations*. Some of the good and bad points about each type of ownership are discussed briefly in this chapter.

Sole Proprietorship

Here are some of the advantages of being a sole proprietor. First, you make all the decisions yourself. No one else can interfere. Whether this is good or bad depends on how good a manager you are.

Second, you can keep your business completely secret. Except in confidential reports for the Government, you don't have to reveal your business procedures, the names of your customers, or anything else about your business.

Third, you can get your business started without many of the legal steps required for other forms of business.

On the other hand, sole proprietorship also has some disadvantages. Two of them are mentioned here.

1. You are more likely to be hampered by lack of capital than if you took a partner. And you would probably have fewer assets that could be used as collateral for getting credit.

2. As an independent owner, you would be responsible for all debts of the business to the full extent of your assets. You'd be putting on the line not only what you invest in the business, but all your personal assets as well. There'd be no one with whom to share the losses, if there are losses.

Partnership

The partnership is the least popular form of ownership among retail flower shops, but it does have some advantages.

1. Usually, two partners can get more funds for starting the business and more for expanding it, because the assets of both partners can be used as collateral for loans.

2. The partners may have special abilities in different areas of the business. One partner, for instance, may be good at designing and decorating; the other at promoting business, handling sales, or managing finances.

3. In some partnerships, one partner supplies funds and the other is a working manager. Profits or losses are distributed according to a ratio agreed upon when the partnership is formed. (This distribution applies only within the partnership, however.)

A partnership has some serious disadvantages that you should consider carefully.

1. You and your partner are each legally and individually responsible for all debts of the partnership to the full amount of your personal assets. If your partner makes bad investments or manages the business poorly, so that he runs the firm into debt, you are as much responsible for the debts as he is. You are bound by any contract he makes, even if he has acted without your knowledge or consent.

2. You cannot transfer your interest in the firm even to a member of your family without your partner's consent.

3. Conflicts sometimes arise, not only between the partners, but also between members of their families. Before you enter into a partnership, be sure that you understand all your personality quirks as well as those of your wife and your partner and his wife. Family differ-

ences often cause trouble in partnerships. For this and other reasons, it is important to have a written partnership agreement, drawn up or approved by your lawyer.

4. The life of a partnership is uncertain. If one partner wants to pull out or sell his interest, or if he dies, the partnership must be dissolved and a new one formed.

The death of a partner can cause serious complications for the business. The heirs may not be qualified to operate the business, or they may not be able to get along with the remaining partner. They may have no interest in the business and want to sell—and the remaining partner may not have the necessary funds to buy them out. To guard against this possibility, partnership insurance covering the partners can be taken out.

Limited partnership. In many States, it is possible to set up a "limited partnership." This form of ownership isn't often used in the flower business, but it's a possibility.

In a limited partnership, one or more *working partners* must assume unlimited liability. The *limited partner* provides only money. He is then liable only to the amount of his investment, but he may not take an active part in managing the business.

Partnership associations. In a partnership association (permitted in some States), the members are liable for debts of the partnership only to the extent of their investment. The association is taxable as a corporation, and unified management and transferability of shares are required.

Incorporation

More and more florists are incorporating. This form of organization has both advantages and disadvantages. Here are some advantages:

1. In most cases, stockholders are liable for debts of the corporation only to the amount of their original investment in the stock of the company. This is one of the chief advantages.

2. The amount of capital can be raised by bringing in more stockholders or selling more stock.

3. A corporation is a more permanent structure than partnership. Its length of life doesn't depend on the length of life of the owners.

4. In a family business, the corporate structure makes for easier distribution of assets to the heirs in case of death. It is also easier to transfer ownership or to transfer shares owned.

This can be an advantage in a number of situations. For example, it may be easier to find potential buyers if the owner wants to sell part of the business but still retain control. Or the business can be sold a small share at a time if a buyer has limited capital or needs experience before assuming complete responsibility.

What, then, are some of the disadvantages in setting up your business as a corporation?

1. You will be subject to more governmental controls and have more State and federal reports to file.

2. A corporation often has more taxation in the form of capital-stock taxation and income taxes. Profits of the corporation are taxable before dividends are declared, and the stockholders must also pay taxes on their dividends. There are ways of lessening the effect of this double taxation, but they require the services of a lawyer or accountant who is thoroughly familiar with the tax laws as they apply to small businesses.

3. Another tax-related disadvantage for the manager of a small corporation is that his salary is taxable even though the business itself shows a loss. As an individual proprietor, he would pay only on his *net* income for the year.

4. A corporation can do nothing that is not expressly permitted or listed in its charter. And it can't do business in other States unless it qualifies as a foreign corporation in those States.

Get Expert Advice

The form of business organization you choose will affect your business in many ways, and the laws bearing on this subject are many and involved. Be sure to consult an accountant or an attorney—or both—before you decide which form to use.

Chapter 6

Planning the Shop

A retail flower shop has five basic parts: (1) the storefront, (2) the display or sales area, (3) the workroom, (4) the office, and (5) a delivery area.

The Storefront

The storefront should serve four functions: to identify you and your business; to display your merchandise; to provide easy entrance to the sales area; and to set off the interior.

Identification. The storefront should make it easy for passersby to identify the business both as a flower shop and as *your* shop. Signs should be easy to read, and the shop name should be used both overhead and in the shop window. The signs should be of a design you can use on letterheads, trucks, and boxes and in advertising.

The name of your shop is important and should be chosen early in your planning. In most cases, it's better to use your own name. The flower business is a personal business, built on personal contacts. People you come in contact with either

socially or in business will associate you with your shop more easily if your name is in the name of the shop. This is true even if your name is long or unusual. In fact, people often remember unusual names more easily than common ones.

The use of your own name will give your customers confidence in your shop. They will believe that you are proud of your name and would use it only with top-quality merchandise and service. It will also keep your relation with your customers on a more personal basis.

Display. Your storefront should provide a strong attraction that will catch attention quickly. It takes people only a few seconds to pass your store, whether they are in a car or on foot. Your windows should permit a good display of the merchandise you offer for sale.

This requires frost-free glass and good lighting. The high humidity in flower shops tends to cause steam and frost on display windows. Special frost-free glass costs more than ordinary plate glass, but it makes for much better visibility during the winter months. Or, if the heating system in the store is forced warm air, a cold-air return duct can be placed along the bottom of the window sill. This draws the warm air down across the glass and helps keep the glass dry.

Good lighting not only attracts attention but prevents reflections in the glass. Reflections occur when the light intensity is greater outside the window than inside. Plenty of outlets should be installed for spotlights and for overhead, bottom, and background lighting. (For more about lighting, see chapter 9.)

The use of light colors in the background of the display window also increases light intensities and reduces shadows.

Another device that helps attract customers is the open storefront—that is, one is which the display window has no permanent wall at the back. Most florists prefer this. The entire sales area can be seen from the street, so that the store itself becomes, in effect, a part of the display window. All the merchandise is in sight, and passersby are attracted by the action in the store.

An open front also makes it easier to display varying types of merchandise for holidays and special occasions, since your shop will be stocked for these occasions. Or you can build up a temporary background and change it often. With proper lighting facilities, special items within the window can be emphasized without totally screening out other merchandise in the store.

Entrance. Easy entrance into the store should be provided by a large front door, preferably of glass. The door should be easy to open

and the entrance designed to guide customers directly into the store. Avoid the need for customers to go up or down steps to get into the store. Recessed fronts improve the display and often lead customers toward the door.

Setting off the interior. Your storefront should provide a proper setting for the interior of the store, as a frame does for a picture. It should be simple, so that it doesn't detract from the interior, but it should help attract attention to the store as a whole. In general architectural style, it should conform to other stores in the neighborhood.

The Salesroom

A flower-shop salesroom should be planned to display merchandise to the best possible advantage and yet allow easy movement. You don't want customers to feel crowded—you want them to browse about and consider other purchases. Since they often have to wait in the store while their purchases are made up or packaged, it's well to provide a place where they can be comfortable.

Flexibility. The amount of merchandise you display at any one time will vary greatly. For instance, you'll need to display many more plants and arrangements at Christmas and Easter than during midsummer. For this reason, the display tables and fixtures should be flexible. You should be able to move or expand them at holidays and yet have attractive displays with less merchandise betweentimes.

Made-up displays. Customers should be able to inspect merchandise as closely as possible. Unfortunately, since cut flowers are very perishable, they usually have to be displayed in refrigerators; and this limits your customers' access to them.

A large display refrigerator in which made-up arrangements can be displayed will partly offset this. Some florists use a refrigerator large enough so that customers can walk through it and select the arrangements they want.

Displaying made-up arrangements either in the refrigerator or in the store makes selling easier. When customers can make comparisons, they usually select higher priced items, tempted by the more attractive arrangements. They also evaluate the flowers closely.

Displaying made-up arrangements permits attractive displays with a minimum number of flowers and helps keep merchandise and labor costs at a minimum. Designers can make the arrangements needed to

fill the refrigerator during business lulls when they are not occupied with selling. This keeps them more uniformly occupied throughout the day. It also saves time because designers can select the flowers for several arrangements at one time. And flowers that are a better buy on the market can often be used to make a better showing for less money.

Browsing and self-service The salesroom should be planned to encourage browsing and self-service. When customers select their own merchandise, they usually buy more than when they are waited on by a busy clerk. Customers should not be neglected—if they want to be waited on right away, they should be taken care of. But if they're undecided, they should be encouraged to browse and then helped when they're ready.

A good display of merchandise will encourage people to select additional items while they're waiting for an arrangement to be made up. Plan your layout so that enough space is left for easy circulation and so that customers are guided past items they might pick up as gifts or for the home. The saying, "Merchandise well displayed is half sold," holds true in a flower shop.

Your store image. The design and decoration of your salesroom should be adapted to the type of customers you expect to serve. The fixtures should be designed to (1) create interest in the merchandise displayed and (2) present the store image you want to project.

The salesroom should be clean, attractive, and well planned so that it will draw the greatest number of prospective customers from all walks of life. Even if you plan to cater to the carriage trade, remember that most wealthy people are price conscious. They like to buy where merchandise is displayed attractively but not too extravagantly.

The Workroom

If your shop is typical, most of the flowers you sell will be made up into arrangements. You must have a well-planned workroom that will provide ease of operation, with a minimum of lost time and motion.

Some florists prefer to have the workroom visible from the sales area, or even from the street. Activity always attracts interest, and designing with flowers is particularly eye catching. Until you build a large sales volume, your salespeople will probably double as designers. In this case, a view of the front of the store from the workroom is needed so that customers can be taken care of promptly.

An open workroom, however, can lead to crowding, especially at rush times, since customers like to watch their purchases being designed. Some kind of separation is needed between the sales area and the workroom. Often, one or two worktables are placed in the front part of the store for making up and wrapping merchandise. Meanwhile, most of the designing is done on tables concealed behind the refrigerator or a partition.

General layout of the workroom. The general layout of this area should be planned to avoid confusion. Make a flow chart showing how merchandise and employees can move about the work area most efficiently.

In many modern stores, incoming flowers are received at the back of the store or through the garage. They are prepared for use and put into containers of water in the receiving area and moved into a walk-in refrigerator through its back door.

The designer takes his materials from the front of the refrigerator. Finished arrangements should then move from the designing table to the wrapping and delivery area without confusion.

The worktables should be next to or convenient to supplies such as wire, ribbons, vases, and so on. Since water is used in almost all arrangements, water outlets and sinks should be conveniently located. Often an overhead pipeline with a hose and automatically controlled faucet is brought to each table. A low sink with a foot-lever control on the faucets is sometimes installed near the center of the workroom for ease in filling vases.

Floors. The floor covering should be easy to clean and not slippery when wet. Water is often spilled; and even though each table will have a waste container, leaves and stems will often clutter the floor. Many stores have a protected hole in the floor through which debris can be swept to an area near an incinerator in the basement.

Asphalt or rubber tile is commonly used as a floor covering in flower shops. Cork tile is sometimes used, but it is harder to keep clean. In some shops, the new carpeting materials have been used. Mats are needed to stand on, since shop employees are on their feet all day.

Light. If there are windows in the room, the worktables should be at right angles to them. The designer should not have to look into the light. Overhead lights should be placed with the same precaution in mind and so that shadows, either of the designer or of the materials being used, do not reduce visibility.

Control Center and Office

If you have more than one designer, a control center is helpful—a place near the center of the workroom where the orders for each day can be organized according to time of delivery, type of arrangement, designer assignment, and so on. In some shops, the control center is in the office. Each designer's orders are assigned from that central location.

Probably the operating office is the best place for the control center. Often a cashier is stationed there to accept payment from clerks or customers, and accounts receivable records are kept there. Orders taken on the floor or on the phone are turned in to be checked for credit, and then copies of the orders are distributed to designers and bookkeepers. Cards for the arrangements may be written there before the orders are passed along to the designers.

Sometimes the telephone switchboard is in the control center. Many shops also have their bookkeepers and business machines there, but in larger shops it is better to put them in a separate office, away from the confusion and activity.

Delivery Area

If at all possible, you should have an entrance at the back of the building for receiving incoming merchandise and sending out deliveries. You will need a space near the loading area where deliveries can be routed and held, awaiting delivery. You should also have an attached garage so that flowers and plants can be loaded indoors. In warm southern areas, a refrigerator in which to keep the finished arrangements is important.

Chapter 7

The Equipment for a Flower Shop

You'll need a number of pieces of important equipment, as well as many smaller items. All told, you'll be investing a good bit of money here. You must study carefully what you need and what you can afford to pay. Then find out what models of each type of equipment are in your price range. Study their advantages, disadvantages, purchase price, and cost of operation.

A separate chapter (chapter 8) is given to refrigerators because of their importance in a florist operation and the many factors that must be considered. Some of the other items of equipment used in retail flower shops are discussed below.

Designing Tables

To prevent unnecessary steps and motions, the tables in your workroom should be tailored to meet the needs of the person doing the designing. The height should be adjustable so that anyone using the table can work in comfort. If you have more than one designer, individual worktables are

better than one or two large ones. This permits each designer to arrange his materials in the most convenient way for him.

Each worktable should have drawers and shelves on which to keep supplies. The top should be large enough for handling every type of arrangement and laid out so that everything can be reached without stooping or stretching. Four by six feet is a good size. If you have plenty of room, 6 x 8 feet is even better. You should have at least one table this size for making larger arrangements.

An easy way to get the best height is to plan the table so that the top will come about an inch below the worker's elbow. If the table is too low, the strain of bending will give the worker a backache. If it is too high, his shoulders will soon ache.

Placing a series of individual worktables at right angles to shelves where commonly used materials are stored reduces waste movement and saves steps. If the designer also answers the telephone, an extension should be placed at or near the worktable.

Wrapping Tables

You'll need a wrapping table near the front of the store for carryout packages. Another should be placed at the rear of the store for wrapping orders to be delivered.

These tables should have storage space for such supplies as waxed paper and tissue paper, which can be hung over dowels fastened under or at the end of the table. Dispensers for rolls of wrapping paper should be installed under the table so that the paper will not have to be pulled out over the plant or arrangement to be wrapped. Usually, the wrapping tables are somewhat lower than the designers' tables so that the tops of plants and arrangements can be reached easily.

Miscellaneous Workroom Equipment

The following equipment is recommended for the workroom in addition to the tables:

Water heater. Many flowers benefit by being placed in water at a temperature of 100° F. before they are put into the refrigerator. This is particularly important if they have been shipped dry from a distance. It is also advisable to wash all storage cans and vases with hot water and a detergent before refilling them.

Spray booth. A spray booth, well ventilated with an exhaust fan, is needed for tinting flowers and greens with aerosol sprays. A place to store the paint sprays should be provided next to this booth.

Powdered-soap dispenser. This device is an easy way to dispense flower preservatives either for storage or for the final arrangement. Even better is a barrel with a built-in agitator that will keep the preservative solution well mixed. The barrel also makes it easier to measure the amount of preservative accurately. If the barrel is raised, vases can be filled by gravity from a hose or faucet.

Wire holders. Each designer's table should have a container to hold cut wire of various weights.

Styrofoam cutter. A lot of styrofoam is used in most flower shops for special decorative effects. Hot-wire cutters make this job easy.

Stemming and picking machine. This machine is very handy for two purposes: (1) placing picks on cut flowers in making up designs and (2) stemming artificial materials to be used in arrangements.

Chicken-wire cutter. A special cutter is handy if chicken wire is used as a flower holder in vases or storage containers.

Trash cans or disposal units. Provision must be made for disposing of the large quantities of leaves and stems that accumulate at each designer's table.

Rattraps. These make good holders for wired picks.

Tape holders. Holders are needed for the rolls of stem-wrapping materials.

Deep sink. A deep sink is needed for washing containers and vases.

Delivery Equipment

You will probably need delivery equipment, since a very large percent of flower and plant sales are delivered. In some communities, there are commercial delivery services equipped to handle flower deliveries. But even when this is the case, most florists must have some equipment for special deliveries, for buying trips, and to handle weddings and other functions for which floral decorations are required.

Delivery pools. In some cities, florists have set up delivery pools that are very successful. Each store in the pool pays a specific charge per delivery or per stop. The charge may seem high, but it usually comes to less than it would cost to make your own deliveries. Gas, oil, repairs, depreciation, insurance, interest on your investment, wages of a deliveryman—all these must be taken into account in figuring the cost of maintaining your own equipment.

Rented equipment. Many florists rent trucks and other vehicles. They report that rental is a good idea if trucks or cars are driven

30,000 or more miles a year. The service provided by the rental agencies is usually good, and you avoid many maintenance problems.

Number of vehicles. Whether you purchase or rent, have only as many vehicles as you need to handle your daily business. Don't try to maintain enough equipment to handle the peak loads you'll have around holidays. For that business, it is better to rent extra trucks or cars on a daily basis or to hire part-time seasonal helpers with their own cars or station wagons. In some localities, taxicabs can be used economically.

Type of equipment. For special deliveries, most florists use station wagons. They can double as family cars. They are attractive and can be used in some areas where trucks are forbidden. However, they lack the height needed for delivering tall arrangements, palms, and large decorative materials.

To handle these deliveries, most florists prefer the so-called "step vans." These vehicles are easy to load and have plenty of height. They are comparatively inexpensive to buy and operate, and easy to handle in traffic. They also provide good advertising space—on most days, more people will see your truck than your store.

A Cash Register

A good cash register is probably the most important piece of office equipment you'll need. It can be the source of most of the sales information and records you should have.

Great strides are being made in the improvement of office machines and equipment, including cash registers. Many sizes and types are now on the market. Some record information in a form that can be put through a data processing center to give you quickly a great deal of accurate information about your business.

Investigate the machines that are available and talk with others who are using them to learn the advantages of each kind. You may not be able to purchase the ideal cash register at the start, but keep in mind the services a good cash register can furnish. Buy the machine that gives you the most benefits for what you can afford to spend.

Billing and Accounting Machines and Services

A billing and accounting machine can be very helpful in a flower shop. Because of the cost, however, you should thoroughly investigate

all types of machines and all types of electronic group accounting before you make a decision.

If you purchase an accounting machine or system, it is usually best to buy something a little more elaborate than you need at the moment. Then if your business expands—as you hope it will—you'll be equipped to handle the additional recordkeeping. If you start with a machine or system that later proves too small, you'll face a costly and time-consuming changeover. New forms and equipment will have to be purchased, records transferred from one system to another, and employees trained to operate new equipment.

Manual accounting systems. In many small florist shops, all the accounting procedures are carried out manually, including the monthly statements. If fewer than 400 statements a month are normally sent out, a manual system may be more economical.

Some business-machine companies offer a semiautomatic system called a "write-it-once-system." These systems are less expensive than machine-operated systems. They have many of the advantages of machine operation, but all entries are written by hand instead of being registered by machine.

In a write-it-once system, ledger cards and customers' statements are posted in a single operation. The accounts are totaled and proved either manually or with an adding machine. The system can also be used to handle accounts payable. With a special checkwriting system, it can greatly simplify the overall bookkeeping procedure.

Bookkeeping and accounting machines. Mechanical posting and billing machines are available in a wide range of prices. Usually, the extent of the services they can provide varies with the price tag.

With a machine of this type, you post each entry to the customer's ledger account and to his monthly statement in one operation. This eliminates duplicate effort. Since the posting is usually done daily, it also does away with the month-end rush to get the statements out.

If you are thinking of investing in a business machine such as this, be sure to investigate all makes. Select the one that will meet your requirements best at a price you can afford.

Outside accounting services. Data-processing companies in many localities handle bookkeeping problems, preparation of financial statements, and billing of accounts receivable. These companies can give you much more financial information about your business than most in-store accounting systems do. On a smaller scale, most

communities have accounting firms or individual accountants who work on a part-time basis for a number of businesses.

The use of a credit-card service can greatly reduce the work of handling accounts receivable. The charges are in line with the cost of doing the job within your store.

Some florists don't use a commercial billing service or computerized system because they feel that they will lose some personal contact with their customers. This is probably true, but the convenience for both the florist and the customer is considerable.

Another advantage with most of these services is that the carrying of accounts receivable on your own books is reduced or eliminated. You get immediate cash with which to operate your business. Still another benefit is that financial statements prepared by these computerized systems can provide much more information than might be available otherwise. Much of it is a byproduct of the accounting process.

Miscellaneous Office Equipment

An *adding machine* is not expensive when the cost is measured against the services it can perform. It can be used to check invoices, reconcile bank statements, compute month-end totals, figure inventory, prepare financial statements and reports, total the cash at the end of the day, and do many other jobs. *Calculators* are somewhat costly, but many florists use them.

A *mimeograph or other duplicating machine* is useful for preparing advertising or publicity materials, instructions for employees, and so on. If you purchase one of these machines, get one that can do two- or three-color reproductions for statement stuffers.

A *photocopy machine* can serve many purposes in copying documents, articles, letters, and so on. Some florists even use a photocopier for monthly statements. They simply reproduce the customer's account from the ledger and show the balance due.

This method has some advantages and some disadvantages. It is quick and easy, but it still requires the extra operation of reproducing the customer's ledger card. Also, unless the past accounts are blanked out (which can be done), the customer is reminded of previous purchases and may feel that he or she is spending too much for flowers. Among the advantages are that special advertising can be reproduced along with the statement and that the customer has a complete record of purchases and payments on account.

An *addressing machine* is handy for direct-mail advertising and

other mailings. With the proper equipment, your mailing list can be broken down for special mailings to certain classes of customers or prospects.

Modern *sign-making equipment* will help you turn out shop signs that are neat and professional looking.

A good *camera* will be a valuable asset. You can take color photos of completed arrangements for use in a sales album or to show customers arrangements that have been delivered for them. It's a good idea to send neighborhood groups, lodge groups, and union or industrial accounts pictures of funeral arrangements paid for by collections taken by the group. Many of those sharing the cost may not see the finished arrangement.

Chapter 8

Planning Your Refrigerators

The owner-manager of a flower shop must watch constantly to see that his flowers and plants are properly cared for. Since flowers vary widely in their needs, this is not a simple matter.

Cut flowers need to be kept cool to slow down their development and deterioration. The lower temperatures reduce the rate at which water is given off by the flowers and leaves. Continued uptake of water through the cut ends of the stems helps to make the flowers turgid and conditions them for delivery.

Different flowers do best at different temperatures, but most florists have only one display refrigerator and perhaps one storage or "work" box. This means that all cut flowers must be stored at a compromise temperature. Forty degrees is commonly used.

This is quite satisfactory for all flowers except orchids, which prefer a temperature of about 50 degrees. Camellias and stephanotis also store well at 50 to 54 degrees. Gladioli that are in bud will open better at this warmer temperature; once open, they can be stored at 40 degrees.

If other temperatures are available, 35 to 38 degrees is recommended for roses and gardenias. Carnations, chrysanthemums, snapdragons, and stocks keep best at 40 to 48 degrees.

In some refrigerators, the temperature varies from one part of the box to another. This is particularly true of those cooled by gravity from overhead coils. If you have a refrigerator of this type, you can arrange the flowers in it according to their needs for warmer or cooler temperatures.

Whether you build your own refrigerator or buy a commercial one, you'll need to consider the following points carefully.

Insulation

A solid material that will not settle down and leave open spaces should be used for insulation. It should not absorb water—if it becomes wet and soggy from condensation, much of its insulation value is lost.

The amount of insulation needed varies with the material used. If the refrigerator is poorly insulated, operating costs will be high and cooling units will wear out more rapidly. In addition, the temperatures in the box are likely to be less uniform.

It is customary to speak of refrigerator insulation in terms of the "equivalent to corkboard." The equivalent of 3″ to 4″ of corkboard is commonly recommended; but if the refrigerator is going to be kept at lower-than-usual temperatures, more is needed. Usually, more insulation is applied to the ceiling of the box than to the walls or floor.

Vapor Seal

A moistureproof seal is needed between the insulation and the walls of the refrigerator. It can be asphalt paint, insulating paper, aluminum foil, or a similar material.

Creosote paint should *not* be used—the toxic gases it gives off will affect the keeping quality of the flowers. Avoid paints that contain mercury, too. Mercury vapor often injures flowers.

Humidity

The humidity in the refrigerator should be high enough to keep flowers from drying out but not so high as to encourage molds or cause the doors to warp. Usually, the presence of water in the flower containers plus evaporation of moisture from the leaves keeps the humidity high enough. Humidity can be controlled by regulating the temperature at which the coolant is maintained.

Controls

Your refrigerator should have a thermostat accurate enough to keep the temperature within 2 degrees, plus or minus, of the setting. Automatic defrosting will keep the coils free of frost and give more efficient operation. If the coils frost over too much, it is a sign that too much moisture is being taken from the air. Since most of this moisture comes from the flowers, removing too much of it will reduce their keeping qualities.

You will need an automatic low-temperature control. This control is a simple, inexpensive thermostat. It prevents accidental freezeup by stopping the compressor if something goes wrong with the equipment and the temperature drops too low.

A warning device can also be installed to sound an alarm if the temperature in the box rises above normal limits. This alarm is usually not needed in the cooler, where designers are continually working, but it may prevent damage over weekends or in storage boxes not often opened during the day.

Coolant

Most modern florists' refrigerators use freon as the coolant, though some older boxes still use some other gas. Most of the other gases, such as ammonia, are very toxic to flowers. Injury may occur if a leak in the system develops.

Air Circulation

Both gravity air circulation and forced air circulation are used in florists' refrigerators. The gravity unit simply provides coils or fins through which the coolant flows. The cool air travels down through the box by gravity. Finned cooling coils increase exposure and provide more cooling per foot of coil.

The advantage of the gravity unit lies in the fact that there are no drafts over the flowers that might cause too much evaporation. On the other hand, temperatures throughout the box are usually less uniform in a refrigerator in which air circulation depends on gravity than in one that has a blower.

If a blower-type unit is used, the fans should be of low velocity, or baffles should be provided to prevent drafts across the flowers and foliage. Of these units, those with several outlets along the ducts are best because the drafts are reduced.

Ventilation

Ventilation in most florists' refrigerators is not too big a problem if the boxes are opened frequently—and they usually are. But you may need some means of keeping gases from accumulating.

If you purchase purifying equipment, be sure it is equipped with a canister that will remove ethylene gas. This gas, which is the most harmful to flowers, is produced during decomposition or deterioration of flowers and foliage. It is given off more freely by some forms of greens or foliages than by others. Cedar, or arborvitae, seems to be one of the worst offenders.

To prevent the formation of this gas, the refrigerator and storage cans should be washed often with a good detergent. Old, deteriorating, or decaying flowers should be removed regularly.

Fruit should not be kept in refrigerators where flowers are stored. It gives off a good deal of ethylene when it starts to decay. If possible, greens, too, should always be stored in a separate refrigerator.

Ethylene gas, even in concentrations so small it can't be smelled, will cause carnations to "go to sleep" and snapdragons to drop their florets. It reduces the lasting quality of most flowers.

Compressor

The type of compressor you'll need depends on the size of the box and the conditions under which it will be operating. You should get the advice of a refrigeration engineer. Just be sure that the unit is plenty large enough. The doors of the refrigerator will be opened many times during the day, and you must have enough capacity to make up for the loss of cold air.

Size of the Refrigerator

How big a refrigerator you need depends on how much business you expect to do. It is better to get a big enough one to start with than to have to enlarge it after it proves too small.

Most florists have two refrigerators—one for display and the other for storing flowers to be used in making displays. The display box needs to be as large as the workroom box, or even larger, because of the importance of displaying flowers and made-up arrangements.

Access to the Box

Easy access to the inside of the refrigerator is essential. A walk-in box is best. If this is impossible, the doors should be positioned so that all parts of the interior can be reached easily.

Whether you use sliding or swinging doors may depend on the general plan of the box, but in either case the doors must be easy to operate even when you have things in your hands. If sliding doors are used, be sure that they slide easily and that the tracks can be easily cleaned to remove the leaves and other debris that sometimes fall into them.

Double or triple sealed glass should be used for the doors to avoid steaming over. Some commercial boxes have electrical units in the doorframe to prevent steaming.

Chapter 9

Lighting the Store

Proper lighting is very important in a flower shop. You need enough light to attract customers and to enable them to see accurately and comfortably. You also need the kinds of lights that will ensure correct evaluation of flower colors. Good lighting results in a better operation and increased sales.

Lighting engineers refer to four types of lighting: (1) for attraction, (2) for appraisal, (3) for atmosphere, and (4) for color. In your flower shop, you must make the most of all these functions that lighting can perform.

Lighting for *attraction* in a display window uses high light intensities, special highlighting, or color to attract the attention of passersby. Within the shop, you can use lighting to direct the attention of customers to merchandise you want to highlight. This is done by varying the light intensity in different areas of the shop.

Appraisal lighting gives the right amount of the right kind of light to enable the customer to judge the flowers—their color, shape, and texture.

Lighting for *atmosphere* creates an environment helpful to selling. It uses a combination of brightness and color pattern for the overall store interior.

Lighting for *color* needs special attention in a flower shop. Many standard fluorescent tubes do not bring out color well. The lighting you select should be of the right composition to show flower colors as they really are. Lighting for color also helps in judging the freshness and quality of the flowers.

To be sure of proper lighting, call in a lighting consultant. Make certain, though, that the consultant you select knows the problems involved in lighting flower colors and in lighting within the refrigerator.

Light Intensities

The intensity of light is measured in foot-candles. In a small shop, the overall lighting intensity should be not less than 30 to 70 foot-candles. The overall lighting is often provided by ornamental chandeliers or other fixtures that also lend atmosphere. In addition to these overhead fixtures, spotlights or floodlights should be used in areas to which you want to attract attention, or for highlighting special merchandise.

In a large shop, the lighting engineer's 1-3-5-10 formula can be used. This provides for 10 to 20 foot-candles in the general circulation areas; 3 times this amount, or 30 to 60 foot-candles in display areas; 5 times the amount, or 50 to 90 foot-candles, for showcases, shelves, and so on; and 10 times the original amount, or 100 to 200 foot-candles, to attract attention to special features displayed within the selling area.

Fluorescent Lighting

Fluorescent lights are often used in flower shops because they are more economical to operate and because they give off less heat than incandescent bulbs. But if you decide to install them, use care in selecting the tubes you use. Many fluorescent tubes emphasize the blue end of the color spectrum. Under these lights, many red flowers appear bluish or faded.

Fortunately, lighting engineers have now produced tubes that give better results with colors. In terms of light output, however, many of the color-corrected tubes are less efficient than some of the standard tubes. You will need to install either tubes that have a higher wattage or more tubes.

Generally, the "deluxe *warm* white" tubes will brighten reds and yellows in flowers and add richness. They deepen the blues and greens and add a yellow cast to some of the blue greens. The "deluxe *cool* white" tubes make all colors seem clear, but they do not intensify the reds as much as incandescent bulbs do. Avoid the so-called "standard white" and "daylight" lamps in flower-shop lighting unless they are combined with some that cast more red light.

In addition to using care in the type of lighting selected for your store, you should know what types of lighting are used in banquet halls or ballrooms for which you are to provide flowers. If fluorescent lighting is used there, you will need to avoid most red flowers, particularly those with a bluish undertone. Use white, yellow, orange, or bronze-colored flowers.

Refrigerator Lighting

High light intensities are needed in the refrigerators to show off the flowers well and also to prevent the glass front and doors from acting as mirrors and reflecting what is outside the refrigerator. The light intensity should be 2 to 3 times as high inside the refrigerator as immediately in front of it.

A black background in the refrigerator looks well, but more light is necessary. A black background reflects only about 7 percent of the light that strikes it. Light green, for instance, reflects about 40 percent, and yellow 70 percent.

It's a good idea to have the ceiling of the box painted light yellow to reflect more light. The back wall can be decorated with light-colored draperies or plastic materials that complement the flowers on display, and the floor can be a light green. The refrigerator display can be kept interesting by varying both the background and the floor.

Temperature affects the efficiency of fluorescent lights. Most tubes operate best at 100 to 120 degrees F., which is the temperature at the tube when the room temperature is 70 to 80 degrees. Florists' refrigerators are commonly kept at 35 to 50° F., so additional tubes must be used to compensate for the loss of efficiency.

Another point to keep in mind is that many refrigerators are cooled by forced-air blower units, and the drafts from these units flow across the fluorescent tubes. When this happens, the light output may fall as much as 65 percent below normal. The fixtures can be baffled or partly enclosed to prevent the drafts from blowing across the tubes.

The type of fixture used also affects the light output. If an egg-crate type is used, it must be kept clean and freshly painted.

Lighting the Display Window

High light intensities or special highlighting in the display window will help capture the attention of passersby. An intensity of 300 to 400 foot-candles is good if the window is uniformly lighted. This intensity will attract attention in competition with neighboring stores and minimize reflections in the glass.

Stores on the north side of the street need higher light intensities than those on the south side. This is particularly so on cloudy days, when the glass acts as a mirror and reflects images from the street and the front of the store. Higher light intensities are also needed when awnings are used to protect perishable flowers in the window.

The use of spotlights to emphasize featured items in the store will attract attention. Bottom lighting and lighting from various angles are also attention getters.

Supplementary lighting on the rear wall will help to make the display stand out from the background and make it more effective. Street reflections will also be reduced.

Workroom Lighting

The workroom must be well lighted so that designers can evaluate true colors and judge the freshness and condition of the flowers. The that would cause fatigue and reduced efficiency. An overall intensity lighting should be planned carefully to prevent shadows and eyestrain of 50 to 100 foot-candles is good here.

Chapter 10

Buying for the Flower Shop

Since flowers are perishable, it is important to buy the right quantities for day-to-day sales. You must be able to estimate your needs carefully. Business will vary from one day to the next according to the number of funerals, weddings, decorating jobs, and social functions in the community.

You must also buy carefully for holidays that bring increased flower sales. If you overbuy, you may suffer heavy losses. There are few sales of poinsettias the day after Christmas, for example, or of lilies the day after Easter.

Most flower shops sell pottery, gifts, and supplies of various sorts in addition to flowers and plants. This merchandise poses another problem for the shopowner or buyer.

Your Daily Orders

You'll get many orders on one day for delivery the next day—decorations, parties, weddings, arrangements for hospital delivery, and so on. This

66

will help you judge the probable needs for the day's business. The obituaries in the evening or early morning newspaper will give some indication of the amount of funeral work you can expect and therefore the number of flowers you'll need for that purpose.

In evaluating your expected needs and the merchandise you have left over, use retail rather than wholesale prices. It will be easier to convert your figures into probable sales. An important part of your buying technique, of course, is knowing what your percentage of merchandise cost should be. But this is an aspect of merchandise control and will be discussed later.

Kind and quality of flowers. In buying, you must be able to recognize a good flower—and to recognize freshness in the flowers that are offered to you. It is also important to know your customers' preferences. Avoid prejudices on your part or on the part of your designer. Soft-pedal your personal preferences if they differ from those of your customer.

Most customers can be influenced to take the flowers or plants that are the best buy on the market at the time—usually the ones that are most plentiful. Visit your suppliers often to keep informed about what is available in quantity and at the best price. Supply and price may vary from one supplier to another. It depends on the supply produced by the individual wholesaler's growers and on the demands of his other customers.

Your suppliers. In most large cities, wholesalers phone their good retailer customers daily to get their orders. If this is the case in the community where you open your store, get the complete list of prices on all merchandise before you put in your order. Usually, the wholesaler will try to sell the products that are most plentiful, and these are usually the best buys. You can pass savings along to your customers and at the same time increase your own profits.

It pays to know your wholesalers or growers or their salespeople personally. They will then keep you posted on the market and let you know when they have some good bargains. Try to deal always with the same person in your wholesale house and establish personal contact with him.

Retailers who cooperate with their growers or wholesalers by buying items that are in surplus on the market—and who try to promote sales for these items—usually get the benefit of lower prices as soon as the market weakens. Wholesalers know which shops will move surplus merchandise when it is available and will work with them even

when the surplus is small. They realize that selling a few extra flowers from a market that is starting to "glut" can often relieve the situation enough to prevent disastrous price drops.

Moving bargain merchandise through your flower shop on special sales and for special promotions helps keep customers aware that they can get flowers at your shop at reasonable prices when they are available. It helps to create an image of your shop as one with moderate prices. In addition, if you cooperate with wholesalers and growers by trying to move surplus merchandise, they'll cooperate with you at holidays when flowers become scarce.

Standing Orders

The practice of placing standing orders for a stated number of flowers each week is increasing. These orders are usually placed directly with the grower, but many wholesalers and shippers also offer such contracts.

Most standing-order contracts provide for a slight increase in prices starting in the fall and a slight decrease starting in the spring. Sales fluctuate through the year, and flower prices are strongly influenced by demand. During winter months, the demand is greater, and at the same time, fewer flowers are available.

Wholesale prices on standing orders are usually more uniform throughout the year than prices on the day-to-day market. Usually, too, the contracts state that at holidays a specified number of additional flowers may be ordered at the contract price. Any flowers ordered above this number are priced at the market price, which is always higher at the holidays. Most growers and shippers give preferred treatment to their standing-order accounts and supply them with top-quality flowers and service.

Some retailers hesitate to place standing orders. They are afraid of receiving flowers when they don't need them. Other florists take this merely as a challenge to increase sales. It's usually possible to push the sale of whatever kinds of flowers you have.

Often, a standing order is placed for a minimum quantity the retailer feels he can always sell. He then buys locally any additional flowers he needs.

Study just how much the more uniform wholesale prices of flowers purchased on a standing order will help to level off retail prices. In the normal operation of a flower shop, the percent of gross sales required to cover overhead expenses varies from week to week. It is lowest when sales volumes—and wholesale prices—are highest.

A Warning About Shipping Problems

If you depend on direct shipments from growers, particularly if they come from some distance, you may have some delivery problems. Freezing and spoilage sometimes occur en route, and processing claims for damage can be complicated and time consuming.

Buying for the Holidays

A large part of the sales volume in most flower shops occurs at the five special days—Christmas, Valentine's Day, Easter, Mother's Day, and Memorial Day. Buying for these occasions requires special attention.

You'll need accurate records of purchases and sales for each of the special days each year as a guide for the following year. These records should include details such as the number of extra employees of all kinds, and the number of deliveries and when they were made. Even weather conditions, the date of a holiday such as Easter, or the day of the week on which St. Valentine's Day falls will affect sales for those occasions.

The holiday records. A complete record should be written up right after the end of business for each holiday or special occasion. Often orders for most of the plants (and even cut flowers) for the same occasion the following year are placed within a week after this record is completed. Placing your order at this time makes it possible to plan the order while the business is still fresh in your mind. It also helps the growers plan their production.

Your holiday records should include the following information:

1. *The number of plants and cut flowers sold of each kind, color, size, and grade.*
2. *The source, cost price, and selling price of each item.*
3. *The source that provided the best merchandise.*
4. *The dates of delivery by the suppliers of each kind of plant or flower and other supplies, with recommendations for any changes needed.*
5. *Materials on which you were short or had a surplus or carryover.*
6. *Any unusual factors, not related to the holiday, that brought in additional business, such as a large wedding, decorating job, or funeral.* Flowers would have been used for these orders that you might not need the next year.
7. *The date on which Easter falls.* This affects sales not only for

Easter but probably also for Mother's Day. A very early Easter may reduce Easter corsage sales. A late Easter may be close enough to Mother's Day so that customers who purchase flowers for Easter gifts will select something else for Mother's Day. When Easter is early, Mother's Day sales are usually better.

8. *Weather—temperatures, rainfall, heavy snows.* Weather definitely affects flower sales, particularly Easter sales. Bad weather, if it is not taken into account, may throw forecasts off for the following year.

9. *The day of the week on which the special day falls.* Business is usually better, for instance, when Valentine's Day falls on a weekend than when it falls on a Monday. The days on which New Year's Day and Memorial Day fall also affect sales for those occasions.

The effect of business trends. All the influences discussed above must be considered in planning your purchases for the next year. In addition, study the general trend of your business as each holiday approaches. Normally, if business for the year to date has increased by a given percent, the holiday business can be expected to increase by the same percent.

If your sales forecasts are based on dollar volume and your purchases on cost of merchandise sold, the retail prices and the cost of merchandise per unit must be checked. Sales volume may have increased by a given percent, but does this just reflect a similar increase in the retail price? If so, you may not need to purchase any more merchandise than you purchased the year before. If wholesale prices are up, on the other hand, you may have to spend more for flowers or plants to get a comparable number of units.

Other information you need. You should keep a record of the number of plants delivered to the store each day during the preholiday period. Corrections can then be made if a different delivery schedule would make for easier handling.

The number of extra employees needed to handle holiday sales, designing, and delivery should be recorded. Show who they were, how you recruited them, when they started to work, and how much you paid them. Inexperienced help should be started early enough so that they can be trained in store operations, store policies, and the specific jobs they are to do. You should not have to train them when the rush is on.

Keep a record, too, of how many arrangements of each type were made (including corsages, table centerpieces, Christmas decorations, and so on) and how many plants of each kind were trimmed and sold.

Make a note of customer preferences for certain types of arrangements and other merchandise. This will serve as a guide to purchases and preparations for the coming year.

Supplies and Accessories

Most wholesale houses handle fairly complete lines of the supplies commonly used in flower shops. Many of them also handle extensive lines of giftware, pottery, and other resale items. They can usually give fast delivery on such merchandise, but it is best to place your orders well in advance for items likely to be especially popular. Many Christmas items are ordered in spring or summer to ensure delivery in time for display and sales.

Trade fairs are staged at most major florists' conventions. Manufacturers, sales representatives, and distributors have exhibits there.

It is important to visit these shows. The wide variety of merchandise displayed gives you an opportunity to compare both quality and price and to buy what you need for the coming season.

Large gift shows are staged in major cities, too. Many florists visit these shows regularly.

You must keep a close check on your inventories if you are to avoid running short of items you might need quickly. Checking your inventories regularly will also keep you reminded of items that may have been on the shelves too long and should be sold or used. The more often your hard-goods inventory is moved, the greater the percent of profit you'll make on the dollars you have invested in it.

Items that remain on the shelves more than 6 months often become unprofitable. They may become outdated, and in any case, your investment in those items is not bringing in the return it should. Some shops maintain a perpetual or continuous inventory on gift and resale items and even on ribbons and some supplies. This can be done with a duplicate-tag system or a written record.

There's another important reason for keeping an accurate inventory record—your protection in case of fire or theft. Insurance companies computing claims will accept such a record more readily than a mere estimate.

Buying for Greater Profits

It has been said that there are two profits in business—the profit in selling and the profit in buying. There is no doubt that careful buying can result in greater profits.

This doesn't necessarily mean beating down the seller on prices or buying inferior merchandise. More than anything else, it means (1) intelligent buying of the merchandise that will sell best at a profit, and (2) accurate buying of the quantities you need. It also means taking advantage of good buys, which often means buying the items that are most plentiful and then coordinating your selling with your buying—that is, encouraging your salespeople to sell and your designers to use the items that are bargains on the wholesale market.

Buying for greater profits also means buying in quantities to take advantage of quantity discounts—provided you can move the merchandise rapidly enough to provide a profitable turnover of the money you have invested. Don't buy large quantities just because of a discount if you're not sure you can sell all the items profitably.

Paying for the merchandise is a part of buying. Be sure to take any discounts offered for prompt payment. It may even be good economy to borrow the money if you need to and if the interest—considering the rate and the length of time before you can repay the loan—is less than the amount you would lose by not taking the discount.

Chapter 11

The Care and Handling of Flowers and Plants

Proper care of both cut flowers and plants in the flower shop will reduce your losses and increase the satisfaction of your customers. Improper care can lead to excessive losses in the store and poor lasting quality in the customer's home.

Proper care includes seeing that the flowers and plants have an adequate water supply when they are received, while they are in the store, and during the arranging of cut flowers. It also includes good storage conditions, care in handling, and rapid turnover of merchandise.

Proper care starts at the greenhouse and continues at the wholesale house. You as a retailer can encourage proper handling at these locations by (1) knowing how the flowers should be handled (2) checking with your growers and wholesalers from time to time to see that they are following proper procedures, and (3) buying your stock from the ones who do exercise care in handling their products.

Caring for Cut Flowers

Flowers should be cut only at the proper stage of development. Just what this stage is varies with the kind of flower, and even with different varieties of the same kind of flower. A flower (particularly a rose) cut too tightly in bud is likely to wilt before it opens. The cells in the stem below the bud are not mature enough to support the cut flower in a warm, arid room where evaporation is rapid and water uptake is reduced.

A flower left on the plant too long, on the other hand, will open too rapidly and be less acceptable both to the retailer and to the customer. A buyer must be able to recognize a flower that has been cut at the proper stage.

Conditioning cut flowers. The grower should put flowers in warm water as soon as possible after cutting. They should then be placed in a refrigerator quickly and conditioned there, both before and after grading, before they are shipped or delivered.

When the wholesaler receives the cut flowers, he should immediately put them in water to which a preservative has been added. He should then keep them in refrigeration until they are delivered to the retailer.

You, as a retailer, must be aware of the need for proper conditioning of all flowers before they are made up in arrangements or delivered to your customers. The conditioning will help to provide better vase life in the customer's home.

If the flowers must be shipped dry for considerable distances, they may have to remain packed in cartons and out of water for from 4 to 24 hours. Conditioning at the receiving end—whether the wholesale house or your retail store—is essential. The stems should be cut and placed in warm water to which a preservative has been added. The flowers should then be refrigerated for from 4 to 6 hours before they are made up into arrangements.

Stem treatment. Even if you buy from a local wholesaler, if the flowers are delivered dry, cut an inch or so off the bottom of the stems, put them in water, and refrigerate. Be sure that the flowers are very turgid before you use them.

With roses and other flowers that have foliages to the base of the stems, remove the lower leaves that would otherwise be in the water. This is done to reduce decay. The thorns, at least the lower ones, should also be removed from roses. Be careful not to cut through the

bark or strip the stem, particularly if the cut will be above the water level in the vase.

In most flowers, the water is conducted to the upper foliage and flower through a layer of cells lying between the bark and the pith. If this layer of tissue is severed, the flower will be unable to take up water. Scraping the bark *does not* improve water uptake even if the scraped section of the stem is below water level.

Cutting the stems on a slant makes them easier to insert into the container. The cut should be made with a sharp knife rather than with shears—there is less danger of crushing the water-conducting cells.

Avoiding damage from handling. Cut flowers are fragile. They should be handled as little as possible. Many growers and some retailers use layers of foam rubber on their worktables to prevent bruising.

Rose growers customarily leave the guard petals on the outer side of the bud to protect inner petals. If this petal is deformed, as it often is, it should be carefully removed.

Chrysanthemums, dahlias, and some other flowers of that type are occasionally damaged in handling. If a bruised petal is in sight, do not pull it out, or the rest of the petals will be loosened and fall out. Simply cut the bruised petal off with a pair of shears. If the flower has been bumped, some petals may start to fall out. Soft wax from a lighted candle or one of the aerosol spray materials intended for this purpose will hold the other petals in tightly.

Preservation of cut flowers. New fresh flowers should not be put in cans with older flowers—it may be difficult to distinguish the new ones from the older ones. It is wise to use some sort of identification to key the flowers received each day so that the older ones will be used first. A rotation system will help prevent losses.

Each container should be washed thoroughly after each lot of flowers is removed from it. Hot water and a good detergent will help kill off the bacteria that accumulate. After washing, the cans should be rinsed thoroughly to remove the detergent.

The refrigerator also should be cleaned often, both for the sake of appearance and to remove bacteria or fungi. Dead and deteriorating flowers should be removed immediately. Avoid crowding too many flowers into a container and too many containers into a given area of the refrigerator.

Stamens should be removed from lilies. If this is not done, the

ripened pollen will be shed and will stain other flowers or the clothing of people who handle the lilies.

A good preservative both in the refrigerator cans and in the finished arrangements or vases of flowers results in longer vase life and better satisfied customers.

Special treatment for specific flowers. Some flowers that have woody stems, such as lilacs, stocks, and chrysanthemums, seem to benefit by having the end of the stem crushed with a block or mallet. (This procedure is not recommended for roses.) In addition to the crushing, the lilac stems should be soaked in 110° F. water. Covering the flowers and upper foliage with wax paper, tissue paper, or cellophane also helps. The flowers should then be placed in a refrigerator and conditioned at approximately 40° for 12 to 18 hours.

Poppies, Euphorbia, Poinsettias, and other flowers that exude sap from the cut end of the stem should have the base of the stem seared over a flame or dipped in hot water until the flow of sap stops. The tops should then be wrapped in waxed paper or plastic and the stems placed in 100° water. After about an hour at room temperature, they should be put in the refrigerator.

Gardenias, Camellias, Stephanotis, Bouvardia, and Fleur d'Amour should be kept in cellophane bags or between thin layers of moist cotton. They should be put in the refrigerator in plastic boxes that will maintain a high humidity.

Lilies-of-the-valley should be put in water with the tops wrapped in wax paper. Violets should be kept in the box in which they were delivered, or the tops should be wrapped in wax paper or cellophane and the stems inserted in water.

Orchids, Gloriosa lilies, and Eucharis are commonly kept in the refrigerator in the box in which they came. Cattleyas and other large orchids are usually delivered in orchid tubes. They can be displayed in these tubes in the display box, without additional covering.

Spray orchids such as Phalaenopsis, Odontoglossum, and Cymbidium are usually shipped as individual flowers packed in boxes. They can be left in these boxes or shifted to plastic boxes for better visibility in the display refrigerator. Sometimes they are delivered on the branches or stems. In that case, the stems are put in water and the individual flowers cut off as needed.

Vanda orchids can be kept in the airtight boxes in which they are delivered, or they may be placed on plastic mesh over a shallow bowl of water. They, too, may be removed from the shipping box and put in plastic containers packed in shredded paper or similar material.

Caring for Foliages

Usually, such foliages as arborvitae, magnolia leaves, and boxwood are kept in the packing box in which they come or stored dry in the refrigerator. Salal, huckleberry, and privet are usually stored in water in the refrigerator. So are Oregon or flat fern, Baker fern, Woodwardia, Coontie, Laurel, Lycopodium, Ivy, Camellia, and rhododendron foliage. Southern smilax is left in the packing case in the refrigerator.

Adiantum, or maidenhair fern, should be wrapped in waxed paper and the stems placed in warm water in the refrigerator. String smilax can be kept in damp paper in the refrigerator. Sansevieria and Ti and croton leaves should be kept wrapped in paper or cellophane and put in water. The same is true for galax and ficus.

Holly, heather, mistletoe, and pepper berries are usually kept in cellophane. Heather, however, is usually put in water. Caladiums and coleus should be kept in water in the refrigerator. Caladium leaves will keep best if they are wrapped in wax paper.

Treated magnolia, oak, wood roses, ruscus, cattails, seed pods, grasses, gourds, popcorn, and so on should be kept in dustproof containers. They need not be refrigerated.

Waxes and aerosol sprays have been developed that do an excellent job of polishing foliages. Some of them also leave a light coating of wax, which reduces evaporation and extends keeping quality.

Caring for Potted Plants

In most stores, both light intensity and humidity are below the optimum for flowering plants, and the temperature is higher than that in the greenhouse where the plants were grown. Under these conditions, it is sometimes hard to keep these plants satisfactorily. The same is true, of course, after they are delivered to the customerr's home, where similar conditions exist.

Temperature. Many people think of greenhouses as "hothouses," but this term is misleading. Actually, most plants such as cyclamen, calceolarias, cinerarias, and so on are grown at a night temperature of 50° during the winter, with a cloudy-day temperature of 58° and a sunny-day temperature around 65°. Other plants such as hydrangeas and lilies are finished in the greenhouse at a 60° night temperature with a cloudy-day temperature of 68° and a sunny-day temperature of 75°.

Temperature, light intensity, and humidity are closely related in

their importance to the life and growth of plants. In the store, plants suffering from the higher temperatures suffer at the same time from insufficient light and low humidity. For the benefit of the plants, store temperatures should be kept as low as possible. How far you can go in this direction, however, is limited by the need for a comfortable temperature for employees and customers.

Light. In a greenhouse, even on cloudy days the light intensity is usually at least 1,000 foot-candles and more likely 1,500 or more. In a flower shop, the light intensity seldom reaches 150 foot-candles.

It usually isn't practical to increase light intensities in the store to the level that is best for the plants. This problem can be partly overcome by placing the plants near windows and by keeping the lights over the plants turned on for longer periods. Increasing the foot-candle hours will help the plants manufacture additional food, a process that takes place only when the chlorophyll in the leaves is activated by adequate light.

Humidity. The humidity can be increased by using humidifiers in the furnace or in the store. Often, too, plants are placed on shelves above pans in which wet gravel or peat is kept. Humidity is thus given off into the air around the plants.

Harmful gases or air impurities. If you have trouble keeping cut flowers or potted plants in the store, the source of the trouble may be one of certain gases or air impurities. Among those you should investigate are the following:

Ethylene. If artificial or manufactured gas is used for heating or is piped near the store, investigate the possibility of leaks. Ethylene, which is present in these gases, damages plants even in concentrations too small to smell. It is much less likely to be a factor where natural gas is used. If natural gas should get into the air, the odorants in it will call attention to it before serious trouble arises.

Ethylene is also given off by decaying plant material; and in the refrigerator or other confined space, this can be a problem. Ethylene damage has quite characteristic symptoms. Carnations "go to sleep" rather quickly. Snapdragons shatter or drop their florets. Plants show a condition known as *epinasty*—the leaves curve downward and look as if they were wilting, although they remain turgid.

Carbon dioxide and carbon monoxide. These gases may cause trouble if they are present in large concentrations. In *low* concentrations, carbon dioxide stimulates growth. It is added to the air in greenhouses

to improve production of many crops. But if it is present in the air at concentrations of more than 5 percent, it may damage the plants. Usually, if either carbon dioxide or carbon monoxide is present in high enough concentrations to damage the plants, it will cause illness among people working in the area.

Creosote gas. This gas is sometimes found in the atmosphere when creosote is used to paint and waterproof wood. Creosote should *never* be used in confined areas where plants are growing.

Mercury gas. Many kinds of paint contain mercury in very small concentrations. Gas from these types of paint has been known to cause serious damage to plants.

Watering. Improper watering is probably responsible for more plant losses than any other single factor. Most plants require a uniform moisture content in the soil.

Potted plants should be checked twice a day and water added when the soil is dry. Never let a plant dry out to the point of wilting, and never keep it waterlogged. Waterlogging crowds out air from the soil and deprives the roots of the oxygen they need.

Since plants are normally kept in the store for only a limited time, the type of water used there will not usually be harmful. In the greenhouse or in the home, however, they may remain for a longer time. If the water is high in soluble salts, these salts may build up in the soil and damage the plant. An alkaline water may also be harmful if it is used for a long time, particularly on plants that require an acid soil, like azaleas.

Most water softeners increase the amount of soluble salt in the water. If plants are watered with this type of water for a long period, the salt may build up to the point where the plants will be damaged.

Fertilizing the plants. Plants are seldom kept in a flower shop long enough to need additional fertilizer. Customers, however, should be told how to keep their plants supplied with enough food to keep the plants healthy. The amount of nutrients needed will vary with growing conditions and the kind of plant, but overfertilizing probably causes more trouble for enthusiastic plant lovers than underfertilizing.

Pots and containers. Flowering and foliage plants are grown both in clay and in plastic pots. Whichever type is used, there should be a drainage hole in the bottom to permit excess water to escape.

Clay pots are more porous and allow air movement through the sides of the container. This may be an advantage, particularly in the

greenhouse, where the humidity is high enough to prevent excessive drying out through the pots.

In the home, the atmosphere is usually extremely dry. Greater care must be taken there to see that the soil around the edge of the pot does not dry out too much before the surface of the soil shows that the plant needs water.

This is especially important when the fertility level in the soil is high. Soluble fertilizers such as nitrogen and potassium move with the moisture. Concentrations of soluble salts may increase to a harmful point in the areas next to the pot when the soil dries out there. The problem is the more serious because the new and most active roots are usually in the soil next to the pot. For this reason, it may be better to use nonporous pots in the store or home.

Chapter 12

The Personnel To Run Your Shop

Most florist shops employ fewer than 10 people. This means that each one must be able to do a variety of work—selling, designing, handling and caring for flowers and plants, preparing them for sale, and so on.

Wages paid vary with the employee's experience and ability. They also vary with the size of the shop, the community, and the section of the country. In general, the compensation for skilled employees is equivalent to or in many cases higher than that received by employees in other types of retail stores.

How Much Help Will You Need?

The amount of help you will need depends on the volume of business you do and the type of business. In a typical medium-sized flower shop, one person is usually needed for every $15,000 to $18,000 of annual gross sales.

This estimate includes everyone from salespeople and managers to delivery boys and handymen.

It will vary, however, with the type of business done. If a large share of your sales is in decorations, designed arrangements, and charge-and-deliver orders, you will need more help than you would in a shop where most of the business is in the form of cash-and-carry, self-service sales.

The ratio of employees to sales also varies with the size of the shop. In a survey made in 1964-65 by the Economic Research Service of the U.S. Department of Agriculture, it was found that annual sales per worker in small shops averaged $10,771. In medium-sized shops, annual sales were $21,971 per worker, and in large shops $29,850.

Where Can You Get Help?

Many small shops use only family help, but as the business grows, other sources of workers must be found. Experienced help, of course, comes from within the industry, with workers moving from one shop to another. However, many workers are hired without experience.

This is particularly true of high school graduates and housewives who work to supplement the household income. Working in a flower shop offers many inducements to those who like to work with flowers in a pleasant atmosphere.

Some employees are found through colleges and universities where floriculture is taught. A Bachelor of Science degree in floriculture is offered at about 20 universities throughout the country. Many schools also have 2-year training courses that offer practical programs for those interested in either retail-store or greenhouse management.

Some high schools offer retailing programs under the Distributive Education program. In these programs, students enroll in courses that provide constructive training in business. At the same time, they have an opportunity for on-the-job training in retail stores for school credit. Usually, they are also paid by the employer.

For advanced training in management, short courses are offered by several State florists' associations, and all areas of store management and operation are covered in the programs at association meetings. Some of the national "wire organizations" provide fine training materials for their members. The Society of American Florists also provides help in this area to florists throughout the country.

Training Your Helpers on the Job

Before you can do a good job of training your employees, you yourself must thoroughly understand the management of your business.

Poor workmanship on the part of employees is often the result of poor planning or a lack of understanding on the part of the employer. You must have procedures set up that will ensure an efficient operation. You must carefully think through and plan each task before you try to explain it to an employee.

A good way to think through your operation and find ways to improve its efficiency is to prepare a manual outlining basic store procedures. The manual can be a guide for you and for your employees.

The guide should outline just what is expected of each employee and what the employee can expect of you. It should be reviewed with each employee so that there can be no misunderstandings.

Each new employee should work under your supervision or that of an experienced member of your staff until he is fully acquainted with the job. Usually, flower-shop employees carry out a wide variety of tasks, including selling on the floor and by telephone, handling orders through the store, designing, preparing displays, even dusting and janitorial work. Have the new employee instructed in one job at a time and be sure that he understands each one before he moves on to the next one.

Be considerate. Remember that most conscientious people want to do a good job and turn in a good showing. They like to know that their efforts are appreciated, and they respond to praise and constructive suggestions better than to criticism.

Sales Training

To acquaint your workers with good selling techniques, make sure first of all that they are well acquainted with the merchandise. They should know the names not only of the kinds of flowers but also of the varieties of each kind. They should understand the proper care and handling of both cut flowers and plants so that they can help the customer get maximum satisfaction from his purchases. They should have some training as designers in order to counsel customers on color combinations and on types of arrangements that will best serve the customer's needs.

If at all possible, send your salespeople to sales clinics to learn the techniques of selling. Such clinics or programs are offered at many florists' meetings. In the meantime, you yourself can guide their efforts by outlining for them the qualities of a good salesman. The following pointers may be helpful:

- A good salesman has an agreeable personality and enjoys meeting and talking to people.

• A good salesman has a thorough knowledge of his merchandise —when various kinds of flowers are available, what flower combinations make attractive arrangements, how to take care of flowers and plants so as to get the best lasting qualities, and so on.

• A good salesman is imaginative and able to make suggestions.

• A good salesman is a good listener, willing to listen to other people's troubles without discoursing on his own.

• A good salesman avoids arguments, remembering that you can win the argument but lose the sale.

• A good salesman speaks in a low, pleasant, readily understandable tone, enunciates clearly, avoids slang, and has a reasonably good vocabulary.

• A good salesman has a good memory for names and faces and maintains a dignified, courteous, and friendly attitude.

• A good salesman respects his products, his customers, and his employer. He is honest and enthusiastic.

The techniques of selling are discussed in more detail in the next chapter.

Chapter 13

Some Pointers On Selling

Selling will be an important part of the duties of most if not all of your employees. It's a good idea to give them a list of do's and don'ts to use as a guide. Such a list might include the following points.

Some Do's

- Greet customers promptly. If you are busy when a customer enters, greet him and invite him to browse while he waits for you. Browsing may increase his purchases.
- Be pleasant and courteous to each customer. Smile.
- Know both the common and the botanical names of flowers and plants, but use the common names when talking to customers. If you use botanical names, customers may get the feeling that you are talking over their heads or showing off.

Do use variety names, though. People like to know these names so that they can ask for a variety they like the next time they order. They also like to be able to identify a variety to their friends.

• If the flowers are ordered for a funeral, find out the name of the funeral home, what kind of casket is to be used, and the room in which the body will lie. Be familiar with the various rooms in each funeral home so that you can counsel your customers on colors that will go well with the decor of the room.

• If the flowers are for a wedding, find out what shop is furnishing the gowns, the name of the caterer, and where the wedding will be held. This information will give you an inkling of how much the customer may want to spend for flowers.

• If the flowers are for a hospital, learn the relation of the purchaser to the patient and whether an individual or a firm or other organization is sending the flowers.

• If the customer doesn't mention price early in the conversation, suggest types of arrangements in each of three price ranges.

• Learn and remember customers' names, and address them by name. Unless you know them personally, use their last names.

• Know the preferences of customers who order often. If possible, keep a record of color schemes and other details about their homes so that you can make helpful suggestions.

• Show the merchandise as you talk about it. If the customer is considering cut flowers, open the refrigerator door and let him see the flowers at close range. If possible, let him hold and smell flowers or plants. In this way, you can make the most of the physical senses that motivate people to buy—sight, smell, and touch, plus the sound of your voice.

• Call attention to flowers for special occasions and try to make additional sales as gifts or for the customer's home.

• Make positive suggestions. Avoid negatives.

• If you are waiting on a customer and another one comes in, speak to the newcomer and tell her that you'll be right with her. Don't leave the customer you're waiting on.

• Get down in writing all the information needed for delivery and for charges, including names to be put on the card and, in the case of a funeral, the time and date. Be sure the information is accurate.

• Be sure to get the correct spelling of all names.

• Try to avoid special deliveries, particularly on out-of-town sales. Suggest that delivery be made *by* a certain time, not *at* a certain time.

• Pay close attention to what your customer says. Learn to pause for emphasis and to let your customer speak. Make your customer feel at home.

• Sell one item at a time. Complete one sale before trying to make another, but always suggest some additional item.

Some Don'ts

- Never hurry a customer. Let him—or her—browse and select. However, do try to make helpful suggestions.
- Don't confuse a customer by displaying too many kinds of merchandise at once or by making too many suggestions at one time.
- Don't assume a superior air that might seem to belittle the customer.
- Avoid using names like "dearie," "honey," and so on. Don't use first names unless you are well acquainted with the customer.
- On out-of-town orders, try to avoid specifying colors, kinds, or quantities of flowers or the time of delivery. The florist receiving the order may not have the same flowers you have or at the same price.
- Don't ask meaningless questions, and don't act bored or indifferent.
- Don't ignore customer preferences, even if they don't seem right to you.
- Don't chew gum or smoke on the sales floor, and avoid the odor of liquor or bad breath when you are selling.
- Don't carry a chip on your shoulder.
- Don't interrupt another employee when he is waiting on a customer.
- Don't whistle or sing on the sales floor, and don't shout or call instructions loudly. Don't lounge around with your hands in your pockets.
- Don't carry on personal conversations within the hearing of customers. This is of the greatest importance. If you are visiting with another employee and a customer enters, break off the conversation immediately and wait on her.
- Don't try to oversell a customer—but don't undersell either. High-pressure selling loses customers. *Encourage* customers to increase the amount of their purchases—don't try to force them into it.

At the same time, customers can be lost by underselling. If they are not satisfied with the arrangement delivered, even though they selected a lower priced item than you recommended, they will go somewhere else next time.

- Never contradict or insult a customer.
- Don't ask, "How much do you want to spend?" Find out what the occasion is and then make suitable price suggestions.
- Don't fail to ask for the order. This can be done discreetly by asking, "Would you like to pay cash or have it charged?" Close the sale at the right psychological time—before you "unsell" it.

Some General Suggestions

A few general suggestions may make selling easier and increase your sales.

• The store layout and arrangement is a part of salesmanship, and so is the attractive display of merchandise in the store. Made-up arrangements, well displayed and priced, can make selling easier, and customers will usually increase the amount they spend.

Grouping merchandise intended for similar functions and merchandise in comparable price ranges makes selection easier for the customer. Provide ample lighting. Develop a traffic pattern with impulse items placed near the cash register or attractively displayed in a prominent place. Change the arrangement often to give a new appearance to the store interior and the merchandise.

• Know your merchandise and how to use it so that your customers get the most for their money. This creates customer good will. It can bring increased sales and higher profits. You'll be able to sell flowers that are plentiful and in season rather than items that cost you so much you can't make an adequate profit on them.

• Sell a single flower as graciously as you would a hundred. Give even the smallest order the attention it deserves. Remember that a small sale today may lead to a larger one tomorrow.

• The eye is much more effective than the ear in conveying impressions to the brain. Have your salespeople show the merchandise and demonstrate it as they talk. Remember the old selling cliche that emphasizes using the senses to motivate people to act: "Show 'em. Tell 'em. Smell 'em. Sell 'em."

• Keep your salespeople fully posted on store advertising programs, prices advertised, and other details. This is important to avoid their giving customers the impression that the salespeople don't know what they're doing. Full information about store policies, credit procedures, billing, delivery, and the handling of complaints should be covered in a policy manual available to all employees.

• Increase sales systematically by developing a sales budget. Decide at the beginning of the year how much you want to increase your sales of each kind of merchandise or for each type of occasion. Then plan a merchandising and promotion program to achieve your goals.

Tell your salespeople about your plans and provide rewards for those who are most successful in helping to build sales. Competition between salespeople, with sales charts to show their progress, stimulates selling.

• Have all flowers, plants, and gifts plainly priced, whether they

are in the refrigerator, the salesroom, or the display window. Many people hesitate to ask prices. They don't like to risk feeling embarrassed if the price should be more than they want to spend.

• Use visual aids such as color transparencies, color photographs, and the arrangement charts or selection guides provided by the wire-service organizations. They will help make selling easier. A projector to show slides of arrangements or decorations your firm has prepared is a useful piece of equipment.

Visual aids should be cataloged according to type of arrangement (weddings, funerals, decorations, and other purposes) and price range. You can then show the customer a selection of arrangements especially suited to his needs.

Telephone Selling

Since a large percent of sales in most flower shops comes in over the telephone, your employees should get special training for handling these calls. Telephone selling is harder than selling on the floor because you have to build word pictures that will enable the customer to visualize what you are describing. It requires a thorough knowledge of the merchandise and of the types of arrangements that are suitable for each occasion. Here are some suggestions on telephone selling.

Suggestions for You

• Have enough extensions so that incoming calls can be answered promptly and without unnecessary steps for your salespeople.

• Have the telephone company check to make sure that you have enough incoming lines. Customers trying to reach you should not get too many busy signals.

• Keep pencils, order forms, and scratch pads handy to each phone.

• Also keep at each phone a list of the flowers you have available, along with recommended suggestions and prices.

• If possible, have the phones located so that the person answering the call can see the refrigerator or display area. This will help the salesperson to remember just what is available and to give word descriptions of items you would like to sell.

• Have the phones in a quiet place, or use booths that reduce interference both in receiving and transmitting. If you have an employee with hearing difficulties, ask the telephone company to install phones on which the receiving volume can be adjusted.

• Work out a series of abbreviations to help in writing up orders quickly. But be sure that they are standard throughout the shop and

that everyone understands them. A typical example is "BWSR" for "Best wishes for a speedy recovery."

Suggestions for Your Salespeople

- Answer the phone promptly and courteously. Use the firm name and your own in answering so that customers will know with whom they are speaking. Keep a smile in your voice. A pleasant "Good afternoon" or "Good morning" eases the start of the conversation.
- Don't answer the phone chewing gum or with a cigarette or cigar or food in your mouth.
- Keep your voice pleasant. Moderate it to show sincere friendliness and helpfulness.
- Get the customer's name as early in the conversation as possible. Write it on a scratch pad unless he has already stated definitely that he wants to place an order. If he has, write the name directly on the order pad. If you write the name down, you are less likely to forget it and have to ask the customer to repeat it later in the conversation.
- Use the customer's name when you are speaking. Try to visualize the person you are talking to and keep the conversation on a person-to-person basis. Avoid being mechanical or impersonal.
- Get all the facts. How are the flowers to be used? When will they be needed? Does the customer prefer certain kinds of flowers or colors or types of arrangements? Make some helpful suggestions.
- Make the sale definite, and be sure to record all the details—what is to go into each order, to whom it goes, the price, to whom it is to be charged, the date and time of delivery, and the information or message to go on the card to be enclosed.
- Be sure that all information and spelling are corect. The letters B, C, D, E, and G all sound much alike, as do S and F. You can make sure that you have the correct spelling by using a word starting with the letter in question—for example, "B as in Boston."

Also, be very careful about figures—60 and 16, for instance, sound very much alike. Be sure to identify them before you record them.

- Use telephone selling to move items you want to move, but never attempt to force something on the customer he doesn't want. If you try to oversell, it's easy for him to hang up and call someone else.

On the other hand, don't undersell, as suggested before. Make the merchandise sound so attractive that the customer will buy the recommended item at a price that satisfies both the store and the customer.

- Be a good listener, but direct the conversation as much as possible.
- Let the customer hang up first.

Chapter 14

Advertising And Promotion

The amount you spend for advertising and promotion will depend on many things—your location, the type of customers you seek, how fast you want to increase your sales, how much more sales volume the market has room for.

More important, probably, than how much money you spend is how you spend it—the planning you put into your promotion program. Often lack of planning results in large amounts of money being spent on programs that have little chance of success.

As mentioned in chapter 2, a total of 10 percent of sales for advertising and rent (or occupancy) combined is a commonly used figure. If the rent is high because of a choice location, you should be able to spend less on advertising. This is not an ironclad rule, however. You may sometimes want to put on a strong promotion program in order to expand sales in a given area.

You might look into the possibility of having a public relations or advertising firm help with your advertising. This costs more than doing it yourself

but may pay off in the long run. Most florists, though, feel that they must do their own planning. You can always get help from newspaper, TV, and radio ad salesmen; and there are firms that specialize in preparing direct-mail advertising materials for florists.

Your Advertising Budget

Most shops allocate their advertising and promotion dollars month by month according to the gross sales expected each month. You can make exceptions to the plan when you want to take advantage of a special occasion, stimulate certain types of business, or increase sales in a special effort to build up your volume.

You'll need a sales budget as a guide to the amount or percent you want to increase each type of sales during the year. And an important part of the sales budget is a plan or outline showing the advertising and promotion activities you'll use to achieve the goals you set. This plan should cover more than just the media to be used. It should include plans for specific promotion and publicity activities and an outline of the procedures to be followed.

Flowers have fine possibilities for publicity and promotion because of their universal appeal and news value. There are many ways to promote both flowers and your own shop at small cost. And you'll need to make the most of them. Even if you do a gross volume of $100,000 a year and allow 5 percent of total sales for advertising, you'll have only about $5,000 to spend for the year.

This means that every dollar must be spent carefully. A well-thought-out, well-planned, and well-executed program will produce more sales stimulus per dollar than one that is poorly planned and hurriedly put together. Use your sales budget as a guide to allocating your advertising funds and promoting the most profitable items.

Where To Advertise

In large cities, flower shops usually serve customers within a relatively short radius. Advertising in a large metropolitan newspaper with citywide coverage may cost too much to be profitable. The cost of advertising space in the paper is based on the number of copies delivered, and many will go into areas you don't serve. Unless you're trying to expand, the same reasoning applies to television.

In smaller cities—probably up to 250,000 population—flower shops usually serve the entire community. Here the use of newspapers and television and also of radio can be profitable.

If your shop is in a large city, you may find a neighborhood weekly that reaches the people in your part of town. And a small display ad in The Yellow Pages of the telephone directory is a good place to put some of your advertising money, whatever the size of your community.

Most florists like to advertise on society or home pages or during programs of interest to women on radio or TV. However, the sports and financial pages or corresponding spots on the air can be especially good for industrial business and for some gift occasions—Valentine's Day, Sweetest Day, National Secretaries' Week, and so on. Most florists use the obituary page for funeral flower advertising.

When To Advertise

Usually advertising brings the best response when the demand is greatest. For a flower shop, this time is at the major holidays. But a demand for flowers can be built up around many less well-known special occasions throughout the year. Some of these are discussed below.

As for time of day, in newspaper advertising, florists have usually found evening editions better than morning editions. Radio and TV spots before or during news broadcasts or weather reports are excellent; and radio spots that catch workers driving to or from work are good. Late in the week is usually better than earlier in the week.

Promotions for Special Occasions

Between the major holidays, flowers are more plentiful and less costly at the wholesale market. Most shops are not operating at full capacity. They could handle more business without adding much to their overhead costs. Yet most florists have made little effort to promote the many between-holidays occasions when sales could be increased. If people are given a reason—if the demand is created—they'll be as ready to buy flowers as any other goods. They'll buy your merchandise if you convince them that it provides some service for them or satisfies some desire.

Some florists have succeeded in increasing flower sales for the following special occasions in addition to the major holidays.

Birthdays—the most important day in the year for each individual—are prime occasions for encouraging people to send flowers. A popular variation is to promote the sending of flowers to your mother on *your* birthday.

Anniversaries of various kinds offer opportunities for promoting flowers. Wedding anniversaries are easy to promote. Keep a record of

the flowers used in the wedding bouquets you sell. Then send the husband a reminder a week or so before the anniversary, suggesting that he send his wife some of the same kind of flowers.

Thanksgiving Day provides a good opportunity to promote flowers for the home. It also provides an opportunity to persuade salesmen or industries to tell their customers, "Thank you for your business," by sending flowers. The idea is popular with many firms. They find that a Thanksgiving gift gets more attention than one sent at Christmas, when there are so many gifts.

Flowers to retirees' wives can be sent as a tribute to the wife at the time an employee retires.

National Secretaries' Week, in April, gives you a good chance to sell business firms on the idea of recognizing the good work done by their secretaries.

National Business Women's Week, in October, is also an occasion for promoting flower sales, both for the business women's luncheons and as gifts from their employers.

Sweetest Day, in October, has proved to be a good day for promoting flower sales to be delivered to someone who has been kind to you during the year—or to someone you just like.

Shut-In Day is promoted as a day on which to send flowers or gifts to the ill.

Grandparent's Day is a day in October set aside for sending gifts to grandparents.

Direct-Mail Advertising

Direct-mail advertising is one of the most effective methods of advertising for florists. You'll need an active, classified mailing list—you want each mailing piece to reach the persons most interested in the advertised merchandise. For instance, an ad for garden supplies sent to people who live in apartments will get little attention, but one promoting foliage plants or planters might be very effective.

Good direct-mail folders, statement stuffers, and so on are available from nationally known printers who specialize in florists' advertising. The selection guides made available by the national wire organizations are also good. Brochures you develop yourself, featuring items you specialize in, can be used effectively.

Personal letters are often good. They can be keyed to remind customers of anniversaries or birthday dates. Also, they can be sent to noncustomers to whom you deliver floral gifts; your letter can express

the hope that the arrangement was satisfactory and invite the person to place future orders with your shop.

Statement stuffers, if well done, are good. Regular offers of specials in the stuffers will alert your customers to look for good buys. Coupons offering a discount on the purchase of flowers attract attention.

In preparing your mailing list, start with your good charge customers, but don't overlook your cash customers. Include also the names of any persons to whom you have delivered gift flowers and who are not regular customers.

Your Ad

Certain rules apply to any advertising program, no matter which medium is used or what you are advertising.

- Select the right item to promote. Don't waste money advertising merchandise no one wants or at a time when no one wants it—unless it's a special cleanout sale such as Christmas merchandise after Christmas.
- Stress what the item will do for the customers. Give them a reason to buy. Don't simply advertise "ROSES" or "CARNATIONS." Stress the fact that flowers convey messages that can't be conveyed any other way. They express appreciation—sympathy—respect—love. Appeal to the reader's desire to get ahead in business—get ahead socially—keep up with the Joneses—make a good impression—find happiness. Don't say it in just those words, but convey the idea that flowers can do some things that nothing else will do quite as well.
- Keep the copy and layout for your ad simple. Use good illustrations. Show the product in use. Use simple, common, personal words; short sentences; short paragraphs. Don't overcrowd the ad.
- In newspaper advertising, use photos of your own shop or your own work if possible. If not, most newspapers make mat services available, and you can get similar aids from the Society of American Florists and the various wire organizations. Aids for radio and television advertising are also available from these organizations.
- If you are advertising on radio or TV, confine your message to a single item or to related items. Make your copy simple. Mention your shop name often, and identify your location with a well-known spot or landmark.

Use attention getters—a slogan, catch phrase, or musical theme that identifies the ad with your shop. Sell early in the broadcast. Use an approach that will direct your sales appeal to the type of people who will be listening.

• Whether you are writing newspaper copy or a TV or radio commercial, direct what you say to one person. Speak in terms of the benefits the product will give the individual customer.

• Price each item, or give the range of prices in which it is available. People like to know how much they'll have to pay.

• Pay extra, if necessary, for a good location in the paper or a good time on the radio or TV.

Other Methods of Stimulating Sales

• Sending flowers to your good customers on their birthdays is a good promotional device—or to television and radio commentators, particularly when flowers can be shown in the television broadcast setting.

• Cooperate with women's wear stores on style shows.

• Hold a Christmas "open house" early in December when Christmas plants and decorations make your shop especially attractive. These open houses are often held on Sundays or on two or three consecutive evenings. Some florists, particularly those with greenhouses, hold an Easter open house on Palm Sunday, when the lilies and other spring plants are at their finest. These occasions will draw business into your store.

• Demonstrations of floral arrangements or Christmas decorations have a strong appeal. So do talks on flowers for women's organizations, garden clubs, church guilds, and other groups. They help you make personal contacts, and these are important in building flower sales.

Many florists provide a place in their own stores for evening meetings. This brings prospective customers into the store and encourages sales. Christmas decorative materials and flower-arrangement accessories are displayed to suggest purchases to those attending.

• Send welcome letters to newcomers to your town. Invite them to visit your store. Use letters, too, to express your appreciation to good customers.

• Keep the lights in your store window on at night to attract attention.

• Offer special sales throughout the year with real bargains in good merchandise—for instance, a "2¢ sale" when the market on some kind of flower is gutted. Offer the first dozen at the regular price and the second dozen for 2 cents.

• Offer your services to TV stations for demonstrations of floral arrangements and talks about the care of flowers and plants.

• Take an active part in community activities, service clubs, and other organizations. Help in welfare drives and support worthwhile local projects.

• Keep the local newspaper informed about your activities—election to offices, business and pleasure trips, and so forth. Keep it supplied, too, with informative articles about flowers—new styles, new items, plant and flower care.

• Photo contests can give you good publicity. Camera fans like to photograph flowers. Offer a contest inviting them to photograph plants, flowers, or arrangements, and display the photos in your store or window display. For additional publicity, invite newspaper or television art editors to act as judges.

Industrial and Commercial Accounts

Store openings provide a good opportunity to solicit sales. Contact the owner for a list of his suppliers and contractors. Contact *them* for orders to go to the store on the opening day. It's good business for them and for you.

Floral decorating services for banks, offices, restaurants, and hotels are also good business-getters. Some florists offer a special service, supplying and caring for live plant decorations. They may also offer a rental service on artificial arrangements or planters, changing them at agreed-upon intervals for the sake of variety.

Other sources of business for florist shops are real-estate firms, contractors, and moving companies that send floral arrangements or plants to a family they have served when the family moves into the new home. You should also solicit the business of employee groups and union locals that send flowers to sick members or to the families of deceased members.

Many florists have developed a Christmas-decoration business with factories, stores, and other industries. They provide both inside and outside decorations.

Association Advertising

Florists' associations are active in many large cities. By pooling a small share of their advertising funds, members of these associations get more extensive newspaper coverage and the use of television and radio. Cooperative advertising such as this helps build total flower sales in competition with other commodities, and every florist in the community benefits. Each individual florist then directs his own ad-

vertising program to capturing a larger share of the consumer's flower dollars.

The Society of American florists (SAF) and the Florists Transworld Delivery Association (FTD) conduct nationwide programs designed to stimulate flower sales. The SAF program, which has gone heavily into billboard advertising in recent years, is financed by growers and suppliers. It includes a matching-fund plan that enables members of allied local associations to expand their advertising funds.

The Florists Transworld Delivery Association, a member-owned "wire organization," has an extensive advertising budget financed by its members. Its advertising program uses all the media to promote the worldwide services of its members. Incidentally, however, it provides a sales stimulus for flowers in general. The Association also supplies advertising and promotion aids and point-of-purchase materials for its members.

Teleflora and Florafax, other wire organizations, are also expanding their promotion programs. They provide materials designed primarily to help their members stimulate sales with point-of-purchase materials, statement stuffers, selection guides, and so on.

Chapter 15

Pricing Your Merchandise

In retail flower shops, selling prices are usually spoken of as a *ratio* markup rather than a *percent* markup as in most types of retail stores. Retail florists speak in terms of a "2-to-1" or "3-to-1" markup. If a 3-to-1 markup is figured on cut flowers, for example, an item that costs $1.00 at wholesale will retail for $3.00.

Methods of arriving at a profitable markup vary, but the selling price must cover three basic elements: (1) cost of the merchandise; (2) cost of overhead, or operating expense, including the owner's salary or drawing account; and (3) net profit.

Many florists keep separate cost records for resale merchandise (flowers, plants, gift items) and for supplies such as ribbons, wire, flower holders, and other accessories used in making floral arrangements. They do this to help them keep better control of their costs.

Whatever method you use, *base the amount of the markup on specific information from the records of your business.* To use any markup just be-

cause some other florists do is dangerous. That ratio may not be at all suitable for your store.

If you are starting a new business, of course, you won't have a record of what your expenses have been in terms of a percent of sales. You'll have to use published averages for the florist industry, such as those shown in chapter 16.

To make selling and designing easier, florists often mark cut flowers in the refrigerator at a retail price determined by the amount of the ratio markup used in the store. Charges for containers, making up the flowers into arrangements, and so on are then added.

A Pricing Illustration

Here are the steps usually followed by florists to determine the amount of merchandise that can be used in an arrangement that will bring a given price.

1. From the records of the most recent accounting period, determine the overhead costs, including owner's salary, as a percent of sales.
2. Add the expected profit as a percent of sales.
3. If the cost of supplies is not included in the cost of merchandise, also add this figure as a percent of sales.
4. Subtract the total of these figures from 100 percent. The result will represent the percent of the selling price that can be used for merchandise—cut flowers, plants, or other resale merchandise.

The example on page 95 shows how these four steps might be applied to a $10.00 or $15.00 sale. The pricing in the example represents slightly less than a 3-to-1 markup.

A New Look at the 3–to–1 Markup

The 3-to-1 markup has persisted in florists' discussions, and some flower shops still use it without too much study as to whether it is the right markup for the individual shop. However, many florists do not use this ratio.

The cost of doing business has greatly increased since the 3-to-1 standard became accepted. Taxes that were unknown at that time have to be paid—social-security taxes, unemployment-compensation taxes, income taxes. Employee benefits have been added, such as workmen's compensation insurance and other types of insurance and fringe benefits. Taxes of other kinds have increased, as have labor costs, rent,

insurance, delivery expense, and just about every other overhead expense.

Increased sales per shop and per employee have partly offset these increased costs. Most shops are operating more efficiently and more nearly to capacity than in former years. And increases in the wholesale cost of some cut flowers and plants have indirectly helped the retailer who has stayed with the old ratio. To illustrate, an increase of $1.00

Pricing Illustration

Item	Percent of sales	Breakdown for a $10.00 sale	Breakdown for a $15.00 sale
Sales (price)	100	$10.00	$15.00
Overhead, including owner's salary	54	$5.40	$8.10
Cost of supplies	4	.40	.60
Desired profit	6	.60	.90
Total cost	64	6.40	9.60
Allowable for flowers	36	$ 3.60	$ 5.40

per dozen in the wholesale price of roses or carnations would mean an increase in the retail price of $3.00. In other words, if a florist bought roses at $2.00 per dozen and sold them at a 3-to-1 markup, the retail price would be $6.00—a margin of $4.00. If he paid $3.00 a dozen, he would sell them at $9.00—a margin of $6.00.

Increases in the wholesale cost of most flowers, however, have not been nearly as great as the increase in overhead expenses. As a result, more than ever the retail florist must keep a watchful eye on his operating costs, his management efficiency, and his markup. He finds himself "in the middle." He must price his merchandise high enough so that he can cover all expenses and show a fair profit, yet not so high that customers will refuse to buy.

Other Factors in Pricing

A method for determining the amount of merchandise to use in an arrangement at a given price is shown on this page. As shown, the method is a simple one based, for an established business, solely on the previous year's overhead costs and the desired profit. But many other factors must be considered in setting up a good pricing system.

A flower-store operation is usually a combination of retailing and "manufacturing." A florist buys roses, carnations, chrysanthemums, and other cut flowers and foliages. He may resell some of them as

unarranged flowers, but many are sold in the form of vase arrangements, sprays, or wedding bouquets. These are made up, or "manufactured," by the florist.

Some types of arrangements have a higher labor cost than others because much more time is needed to make them up. This is true, for instance, of most wedding bouquets and decorations. This type of business requires not only more makeup and delivery time but also more selling time.

To ensure a profit, each markup should be based on a detailed knowledge of operating expenses—the cost of preparing each type of merchandise and the cost of services rendered in connection with the sale. This is not easy, for a number of reasons.

Fluctuating wholesale prices. Wholesale prices of flowers and plants are based largely on supply and demand. Sometimes they are very high. If the normal ratio markup is used at such a time retail prices will be too high to be acceptable to customers.

At other times, wholesale prices are so low that a higher-than-normal markup can be used without loss of sales. Furthermore, if the wholesale cost of the flowers is very low, the normal markup or margin may not be enough to pay the cost of the shop's overhead—unless the lower price would lead to increased gross sales that could be handled without increasing operating expense at the same rate.

Delivery and credit, or cash and carry? Services such as delivery and credit, which represent major overhead costs, vary with the sale. Most florists' sales are delivered, and delivery costs of 75 cents to $1.75 per unit are common. Ought the customer who pays cash and carries the item home pay the same price as the customer who has the purchase delivered and charged?

Some florists handle this problem by quoting two prices on merchandise in the store. A plant may be priced at $6.00 including delivery and credit. On the same price tag, the florist shows a price of perhaps $5.50 if the plant is paid for and carried home.

Labor time needed to make the arrangement. Labor is the highest single item of overhead expense in a retail flower shop. Therefore, an arrangement that takes 30 minutes to make should carry a heavier markup than one that takes only 10 minutes. florists try to solve this problem in many ways.

- Some florists make time studies to determine the average length of time needed to make each of the various types of arrangements.

They then compute labor costs for the store in terms of cost per minute and miltiply that figure by the average number of minutes for each type of arrangement.

These florists may then use the ratio markup system, but with the ratio varying according to the type of arrangement or sale. In this method, the markup is based on cost of merchandise.

• Many florists use a system they believe is more practical and more easily interpreted by employees. These florists establish the retail price of unarranged cut flowers on the basis of overhead operating costs and expected profits. All merchandise is marked at retail both in the sales refrigerator and in the storage refrigerator.

The florist may then prepare a chart showing the basic cost of manufacturing each kind of arrangement (supplies, overhead, and net profit) and how many dollars' worth of flowers, at retail, can be used in orders of various sizes and kinds. Again, time studies are made to find the average labor cost of each kind of arrangement.

• Many florists establish the retail price of unarranged flowers and then compile an arbitrary list of makeup charges for various types of arrangements. They include labor, supplies, and the common foliages in the makeup charge.

• Others charge for makeup on a percentage basis. That is, an established percent of the selling price is charged to cover makeup labor, the cost of supplies and forms, and so on. With this method, if the makeup charge is 10 percent on a $10.00 arrangement, the designer allows $1.00 for makeup costs and uses $9.00 worth of flowers at retail. Common greens such as huckleberry, plumosus fern, and so on are usually included in the makeup charge. If more exotic and expensive foliages are used, they are priced like cut flowers and charged against the $9.00 allowed for flowers.

• Some florists price cut flowers in the refrigerator at a price that covers the arranging. No additional charges are made except for containers. This usually means that a higher price is charged for unarranged flowers. Many of these florists, however, sell cut flowers only in arrangements.

Variations in grading. Lack of accurate and uniform grading of flowers and plants is another factor affecting the amount they can be marked up. Sometimes plants or flowers of the same kind and for which the retailer pays the same price vary considerably in quality. He may find that he cannot price them all the same. He has to price each item in the lot so that it will be acceptable to the customer at that price, yet at a level that will average out at a profitable price.

Varying the Markup Through the Year

The fact that gross sales vary from month to month in most flower shops is another factor in pricing. Overhead expenses vary, too, but not usually at the same rate as sales. Because the shop is operating closer to capacity during the busy months, and therefore more efficiently, overhead as a percent of net sales is less then than it is during less busy periods.

Generally speaking, the wholesale price of cut flowers varies inversely with the percent of sales going to overhead costs. For instance, in September, when the overhead percent is at its highest, the wholesale cost of cut flowers is at its lowest. At the time of the major holidays—in December, April (or March if Easter falls then), and May, overhead costs as a percent of sales are low and wholesale prices of cut flowers are at the highest level.

Most florists vary their markup arbitrarily to compensate for these variations. At the same time, they try to set a price that will be acceptable to the customer and still show a profit. Some establish strong controls in an effort to maintain their profit. Some forms of control are discussed in the next chapter.

Marking Up Other Merchandise

The different kinds of merchandise sold in a flower shop vary in the labor and services involved and the degree of perishability. For this reason, most florists mark up different types of resale items differently. Many retailers mark up plants at a lower ratio than cut flowers because they feel that the plants are less perishable and that less labor is required in preparing them for sale. This is not always true, however. A flower-shop manager must study these factors carefully within his own shop.

Pottery, vases, and gifts often have a lower markup ratio because they require less labor and are less perishable than either plants or flowers. A common practice is to add the freight or delivery cost to the cost of the containers and then use an arbitrary 2-to-1 markup. Again, this practice needs to be studied within the individual shop. The rate of turnover of the merchandise, the amount of money invested in it, the space it occupies in the store—all these should be considered.

Artificial flowers often bear a lower markup than fresh flowers. Prices of made-up artificial arrangements should include the cost of the time and supplies used in making them.

Chapter 16

Financial Management

Good financial management in a flower shop—or in any business, for that matter—depends on good records. Adequate records are not just a nuisance made necessary by the requirements of government at various levels, insurance companies, bankers, and so on. You do have to keep records, of course, in order to have the data you need for numerous government and other reports. But good records are also important for operating your business. Here are some of the ways they can help you.

- Good records will help you know whether you are winning or losing the profit game. They will also provide clues as to how you can improve your operations to eliminate any losses and increase net profits.
- Good records will show which of the items you sell are profitable and which are not. You can then improve your product mix either by eliminating the unprofitable items or services or by increasing your markup for those items.
- Good records call attention to operating ex-

penses that are out of line and suggest methods of reducing them to a more acceptable level.

- Good records can reveal trends in your business and show whether your overall financial standing is improving. If your business is moving in the right direction, the records will help you find out why and what to do to strengthen your position still further.
- Good records can serve as a check on your efficiency as a manager. Perhaps the dollars you spend for labor are too large a percent of your gross sales. This may or may not be because of high wages—it might be due to poor management, poor store layout, or some other factor causing low employee output. The records should provide clues that will help you correct problem areas.
- Good records should tell you whether you are buying wisely or are perhaps, overbuying and having excessive waste. Or perhaps you haven't taken advantage of good buys of seasonal flowers as often as you should.
- Good records should show whether your salespeople are performing well. They should tell whether your promotional and advertising programs are bringing good results.
- Good records should show whether your customer-credit system is working well and bringing prompt collections.
- In addition to all the figures they provide, good records help to keep the shop operation more interesting. They make it possible to establish contests that instill a competitive spirit among employees and increase sales, to set up incentive plans or bonuses that stimulate better performance.

With a better knowledge of your costs, you can explain pricing and shop policy to employees, who sometimes have the impression that the difference between the buying and the selling price of flowers is all profit. *Informed* employees will want to see their shop on top and will work harder to help you reach your goals.

Outside Help With Your Recordkeeping

Many florists keep their own books, and many others employ full-time bookkeepers. Most, however, use an outside bookkeeping service or accountant to make out the necessary reports and forms.

If you plan to keep your own books, get professional help in setting up your accounting system. A well-organized system planned for your business by one who is skilled in accounting techniques will give you better records with less time than a system you try to piece together yourself.

Financial Statements

The records you need for operating your flower shop successfully include those that will lead to the preparation of the following financial tools:

The balance sheet. A balance sheet gives the owner of a business a picture of his financial health—his assets, his liabilities, his net worth. From year to year, or as often as the balance sheet is prepared, he can judge his successes or failures and the trends in his business. From it, he can evaluate his operation and decide what overall changes are needed.

The profit-and-loss statement This statement serves as a guide in the actual operation of the business. It shows total sales, cost of merchandise, overhead expenses, and net profits. Overhead expenses are broken down into various types of expenses; cost of merchandise into the kinds of merchandise sold.

Budgets

An *operational budget* sets up goals for your business for the coming month or year. It resembles a profit-and-loss statement in form and is usually built on information from past profit-and-loss statements. It serves as a guide to expenditures for various overhead expenses and merchandise. It also includes a net-profit figure that serves as a target at which to shoot.

Although not all flower shops use a *sales budget* as part of their accounting processes, this budget can be very useful by setting goals for increased sales in various classes of merchandise. It will help guide your promotional program and stimulate you to improve your product mix—that is, to increase sales of the more profitable items and put less emphasis on the less profitable ones.

A sales budget should establish goals for each type of business and for each month. It should also lead to a promotional program specifically designed to help you achieve those goals.

How Often?

Many florists use only an annual profit-and-loss statement, but more and more of them are using monthly statements. Monthly statements enable you to correct any defects in your operation much more quick-

ly, since you don't have to wait until the end of the year to find out what problems there are.

Usually, a balance sheet is prepared annually, although some florists want it more often.

The operating and sales budgets are usually set up annually, but they should be prepared in such a form that you can check often on how closely you are meeting them.

Financial Ratios

Certain financial ratios are helpful to a flower-shop owner. Comparing your own ratios from year to year helps you to keep a watchful eye on the trend of your business. Comparing your ratios to industry averages gives you some idea of how your operation stacks up against similar businesses.

Following are some of the most helpful ratios to watch:

Average accounts-receivable collection period
Current ratio
Inventory turnover
Return on owner's equity
Working-capital turnover

The *average collection period* shows how many days' sales you have tied up in accounts receivable. It also gives you an idea of how good your collection procedures are.

$$\text{Average collection period} = \frac{\text{accounts receivable}}{\text{average sales per day}}.$$

The *current ratio* is the ratio of current assets to current debts. Current assets are cash and assets that are expected to be turned into cash within a year, such as accounts receivable and inventory. Current liabilities are those due for payment within a year. The current ratio shows whether you have enough current assets to meet your current debts, with a margin for safety.

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current debts}}.$$

Inventory turnover shows how fast your merchandise is moving. It gives you an idea of how much capital you keep tied up in inventory. Usually, the higher the turnover the better, but too much attention to high turnover can lead to inventory shortages and customer dissatisfaction.

$$\text{Inventory turnover} = \frac{\text{cost of goods sold}}{\text{inventory at cost}}.$$

Return on owner's equity shows what return you received on your own investment in the business. The owner's equity in the business, or net worth, is equal to the total assets less total liabilities.

$$\text{Return on owner's equity} = \frac{\text{net profit}}{\text{net worth}}.$$

The *turnover of working capital* is one measure of how efficiently your money is working for you. Your working capital is the difference between your current assets and your current debts—the amount you have that is available for use in your operations.

$$\text{Working capital turnover} = \frac{\text{net sales}}{\text{working capital}}.$$

What Should Your Operating Costs Be?

A carefully prepared profit-and-loss statement will give you full information about your overhead costs, your cost of merchandise, and your net profit. Each type of cost should be broken down enough so that you can analyze it.

How much the individual items should be will vary with each shop. Many studies have been made and reported showing for groups of shops what percent each item is of total gross sales, but the figures are usually averages. They include some figures that are too high and some that are too low.

It is interesting to compare your own percentages to those of other flower shops with about the same volume of sales as yours. However, the best way to find out whether you are improving your management is to analyze and compare your own reports over a period of years.

At the start, when you have no past figures for your shop, it is helpful to use industry averages. But remember, in comparing your shop with someone else's, that many factors will differ.

In shops doing a large percent of in-store or walk-in trade, delivery expense will take a smaller share of the operating dollar than in a shop where most sales are delivered. Labor expense, too, is likely to be lower in shops of the former type, because they usually do a larger percent of their business in gifts, artificial flowers, plants, and other items that don't require designing. The amount florists spend for advertising and rent varies according to location and type of business done. So use your own figures or compare them only with the figures of shops very similar to yours.

The table on page 104 shows income and expenses as percents of sales based on a survey of retail flower shops of various sizes. Income from

commissions on outgoing wire orders is not included in the sales figure because no merchandise is used in filling these orders—this income is included in "Other income." The sales figure does include income from *incoming* wire-order sales because these sales require the use of merchandise.

In comparing the records of your firm with those of others, remember that businesses differ in the way they record the owner's salary and

Average income and costs as percent of net sales in 300 retail flower shops

Annual sales	More than $100,000	$60,000-$100,000	$25,000-$60,000	Less than $25,000
	Percent of net sales			
Net sales (not including commissions on outgoing wire orders)	100.0	100.0	100.0	100.0
Cost of goods sold	43.7	42.6	46.6	51.1
Gross margin	56.3	57.4	53.4	48.9
Overhead:				
Proprietors' withdrawals[1]	8.4	12.9	11.5	14.5
Employees' wages	19.6	17.0	11.6	5.7
Delivery (except driver s salary)	3.0	2.9	2.3	2.8
Advertising	3.2	3.2	2.5	3.1
Taxes	1.3	1.0	1.1	1.1
Telephone and telegraph	1.5	1.6	1.9	2.2
Occupancy (except depreciation)[2]	4.6	4.5	4.6	4.8
Depreciation	1.6	1.9	2.7	3.4
Commission on incoming wire orders	1.7	2.0	2.1	2.3
Miscellaneous[3]	8.3	7.2	9.1	9.7
Total overhead	53.2	54.2	49.4	49.6
Net profit on the operation	3.1	3.2	4.0	—0.7
Other income (commissions on outgoing wire orders, interest, and miscellaneous other income)	3.0	3.4	2.4	2.2
Losses on bad debts, investments, and so on	0.3	0.8	0.3	0.5
Net other income	2.7	2.6	2.1	1.7
Owner's total net income, including salary	14.2	18.7	17.6	15.5

[1] Represents either salaries or drawing accounts.

[2] Includes rent, repairs, upkeep, utilities.

[3] Includes insurance; interest; office supplies; postage; express, freight, and cartage; traveling expense; legal expense; commissions to agents other than wire services; clearing-house expense on wire orders; and others.

the profit. In many cases, the owner draws a specified amount monthly from a drawing account or gets an established salary. The owner's salary or drawings are then charged against overhead. The salary and profit together make up the owner's total net income.

Other florists do not allot a specified salary to themselves. They simply draw from the business funds when they need money. No salary appears on the books—just net profit. Sometimes, too, no wages are paid to the owner's wife or other family members for work done in the store. These variations make comparison of labor costs with other firms difficult or inaccurate.

It's best to allot a specified salary to yourself as owner-manager. Wages should also be allotted to family members who work in the store and the amount recorded under "Employee Wages." Both your salary or drawings and employee wages are then charged against overhead.

Again, it must be emphasized that the figures in the table are *average* figures. They are not necessarily the best figures to shoot at. Few other shops will operate exactly as yours does. The best guide for your shop is a study of your own figures from year to year.

Merchandise Control

Many variables enter into the profit picture of a retail flower shop—the flowers themselves, types of arrangements, types of service required, the wholesale price, and even the percent of net sales going into overhead from month to month. It's clear that you'll need some form of control to ensure a profit.

Some florists have adopted a merchandise-control program based on weekly or monthly operating (profit and loss) statements. Those who use the procedure described here find that it gives them a good, practical method of control. Furthermore, if merchandise costs or overhead expenses begin to get out of line at any time during the year, the owner is alerted immediately and can look for the reason.

Perishable merchandise—including plants, cut flowers, and foliages—represents the largest share of a florist business. Since the cost of these materials is also the most variable, the operating statement used in this system is designed to spotlight them. All sales of perishable merchandise are recorded separately when the order is filled and run through the cash register, or the totals are taken separately from sales slips. Some florists simply ring up the total amount of the sales as a sale of perishable merchandise unless fancy vases or other containers or merchandise are used.

Many florists who use the system establish a basic makeup cost that includes supplies such as inexpensive vases or paper mache containers, ribbons, wire, flower holders, and so on. This is usually either a set amount or a percent of the selling price of the arrangement. It is subtracted from the total selling price to give the amount left for perishable merchandise.

Some florists also separate the account for greens, particularly when they use quantities of fancy, exotic foliages. The selling price of these is added to the price of the arrangement separately from the charge for the flowers. It is in addition to the amount included in the basic charge for supplies and perhaps a few sprigs of ordinary greens. This is done to establish a record of the cost of foliages used.

How the system works. To find the cost of perishable merchandise used during the week, an inventory at cost of cut flowers and plants is taken at the beginning of the week, and purchases for the week are added to this starting inventory. Then, at the end of the week, another inventory of perishable merchandise is taken. Subtracting this total from the beginning-inventory-plus-purchases total gives the cost of the perishable materials used. (Normally, the amount of stock on hand at inventory time is small, so taking the inventory at approximate cost isn't hard.)

The cost of perishable materials used divided by sales for the same period gives the merchandise used as a percent of sales. If this figure is higher than your budget for the month you can immediately take action to correct the trend before it becomes serious.

Reasons for high costs. If your weekly or monthly operating statement shows that your perishable merchandise costs are too high, look for one of the following possible causes.

Are your prices too low? Perhaps your markup wasn't enough.

Are you buying properly? Your merchandise cost may be too high. You may not be coordinating buying and selling—using the merchandise that is currently the best buy on the market.

Are you throwing in too many extra flowers? Your designers may not be sticking closely enough to your rules about the value of flowers or greens to be used in arrangements of various dollar values.

Is your spoilage too great? You may be overbuying. You may not be handling your flowers properly or rotating them for freshness. Your supplier may not be supplying you with the freshest merchandise.

Are all sales rung up? Failure to do so reduces your sales total, and this, in turn, increases the cost of merchandise as a percent of sales.

Is someone taking flowers without recording them?

Is your overhead too high? This could be due to poor management, poor labor practices, inefficient employees, poor store layout. Your rent may be higher than you can afford with your volume of business, or you may be spending too much for advertising that isn't paying off.

There are other possible reasons, but checking those listed above as soon as possible after you detect trouble will often suggest the remedy.

A Special Problem—Charge Sales

Ringing up charge sales in a flower shop has some special problems. There is danger of the sales slip being lost during routine processing of the order through the design room and the office. For this reason, it is best to ring up each charge sale on the cash register when the sale is made.

But sometimes customers place orders without setting the price. The price must then be written in when the order is filled, and the sales slip is run through the cash register at that time. Also, when a large number of charge orders are taken by telephone, it isn't always convenient to run these sales through the cash register right away. Instead, they are all run through at the end of the day. Or a sale booked today may be scheduled for delivery at a later date.

If the merchandise-control system is built around a weekly inventory and operating statement, sales of this type should not go through the cash register until the orders are filled. Otherwise, the information on which the merchandise control is based would be incorrect. A store policy should be established as to how these cases are to be handled.

Good Management Requires Good Records

The need for adequate records and good management cannot be overemphasized. It is true that some florists who are not expert managers make a comfortable living. But your chances for success will be much better if you make an effort to develop the abilities good management calls for—and one of the most important of these is the ability to maintain good records and make them work for you.

Chapter 17

A Greenhouse With Your Store?

Your choice of a location and many other decisions discussed earlier in this booklet will be affected by the type of florist operation you plan to set up. Are you going to have a greenhouse with your store? Fewer retail florists do this today than formerly, but it has some advantages you shouldn't overlook. It also has some disadvantages.

The Advantages

With greenhouse space next to the store, you can add spring garden-plant sales and garden supplies to your retail flower business. You'll have space and facilities for a garden supply center. Usually, the odors make it unwise to handle garden supplies such as fertilizers and spray materials in a regular retail flower shop, but these odors are less noticeable in a greenhouse.

All this will provide for a healthy expansion of spring business. In addition, with greenhouse space in which to handle bedding plants, you can extend these sales into June and July. This will increase your total sales volume.

Another advantage in having greenhouse space with a flower shop has already been mentioned. A store with greenhouse area attached has an excellent area for an impressive display or open house just before Christmas or Easter. The plants are at their finest then, and people are in a mood to enjoy them.

Greenhouses have a natural drawing power—people like to see things growing, especially in winter. And with the added space, customers will be able to browse more freely even during rush periods. The amount of their purchases will probably increase as a result of their browsing.

Even a small greenhouse gives you a psychological advantage. Many customers assume that a florist with a greenhouse grows his own flowers and that therefore they will be fresher. In reality, this isn't always the case with cut flowers. It is a fact, however, that potted plants can be kept in better condition in a greenhouse than in the store, because both light intensity and humidity are higher in the greenhouse.

If you have enough space, you may be able to grow some kinds of plants or flowers that you can't get easily on the wholesale market. You will thus have a greater variety of merchandise and a competitive advantage over dealers who have no growing facilities.

Some Disadvantages

Among the disadvantages of operating a retail growing establishment are the following:

1. You'll need a larger capital investment; and since you'll doubtless be borrowing some of it, you'll have more interest to pay. You'll also need more operating capital.

2. Real-estate prices and taxes on land suitable for a centrally located retail outlet are usually high—too high for profitable production.

3. Zoning restrictions in a good retail-store area may prohibit the building of a greenhouse, and areas in which a greenhouse would be permitted may be poorly located for retail sales. Yet separating the two operations would mean increased management costs.

4. Help—both management and common labor—is a major problem. A combined greenhouse and retail-store operation needs two qualified management people—one to run the greenhouse and the other to run the store. The skills required for the two operations are quite different, and few individuals have the ability to get maximum results from both.

How Much Glass?

If you decide on a combined operation, how much greenhouse area will you use? Most florists who combine retailing and growing limit the greenhouse size to what they can use for display and sales purposes and perhaps for finishing off plants. Poinsettias and lilies, for example, can be purchased in smaller sizes a month or 6 weeks ahead of the holiday and matured in your own greenhouse. This stimulates early sales.

Another valuable greenhouse use is to produce and display bedding plants for the spring months. Often, a florist who has this much space will also produce a crop of chrysanthemums or other fall-flowering plants to keep the greenhouses full most of the year.

Cut Flowers

With the trend toward specialization and better transportation, cut flowers can usually be purchased from a wholesaler more cheaply than they can be grown. It's probably best for a small retail growing establishment not to try to produce them.

If you have enough glass, however, there are some advantages to growing cut flowers. You can grow the ones you especially want to satisfy your own market. Flowers grown in your own greenhouse may be in better shape for your customers because they get less handling than flowers that pass from grower to wholesaler to retailer. This, however, will depend on how well you handle and condition the flowers.

If you do add a production greenhouse to your retailing operation, be careful not to overexpand your space. If you produce more than you can sell, you'll find it hard to dispose of the surplus through wholesale outlets. Wholesalers naturally take care of their regular shippers first. Furthermore, the wholesale price is established largely by supply and demand. It's always at its lowest when a surplus occurs, and you'll usually have to take a loss on the extra flowers.

But if production is well planned, losses from unsold flowers should be small. Often, too, a retail grower can use short-stemmed flowers and odds and ends that the wholesale grower might find unsalable.

The Effect on Your Profits

Your net income as a percent of sales should be higher for flowers you grow than for those you buy from a wholesaler, because you should

make a profit on both production and marketing. You avoid such costs as wholesale-house commissions (customarily 20 to 25 percent of the wholesale price), shipping boxes, delivery costs, and so on.

This won't be all profit though. You'll have some added expense in planning, bookkeeping, storage, and even handling and moving the merchandise from greenhouse to store. Still, the total cost of goods sold should be less than for flowers bought through a wholesaler.

Don't get the notion that because you grew the flowers, they cost you little or nothing and you can throw in a few extras or sell them more cheaply. (This idea often creeps into a retail growing establishment.) You'll have a bigger investment in facilities, labor, and overhead. Your income from flowers you grow should include a fair return on this added investment.

Division of Duties in a Combined Operation

A greenhouse operator must be a skilled plantsman. He must have a thorough knowledge of planting schedules and procedures. He must have a working knowledge of soils and nutrition and of insect and disease control. He must have enough mechanical background to be able to handle the problems of heating, plumbing, refrigeration, electricity, and machinery.

The flower retailer, on the other hand, must be skilled in floral designing, selling, recordkeeping, promotion, and advertising. He must have a personality that will win friends and please customers, as well as many other special traits.

In many moderate-sized retail growing establishments, the wife operates the retail store while the husband operates the greenhouses. In larger establishments, the owner should serve as the general overall manager and have capable store and greenhouse managers working under him.

When the establishment is large enough to permit this type of specialization, records for the greenhouse and those for the store should be kept separate. The responsibility of the two managers and the owner should be completely coordinated and clearly set forth.

Regular planning sessions should be held and complete production and sales records maintained. In this way, the retail store manager can estimate in advance his needs for each week of the year. The greenhouse manager is then charged with the responsibility for producing what is needed to fill those needs.

The store manager knows what crops to expect and the quantity in which they will be available. If he decides that he has overestimated

his need for a particular crop, he can make plans to dispose of the surplus. He can do this through special sales or by substituting crops on hand for flowers he might otherwise buy. If, on the other hand, the grower produces more of a certain flower than the store manager ordered, it is his responsibility to find a market for the surplus.

Accounting in a Retailer-Grower Business

Separate cost records should be kept for the greenhouse. These records should include (1) the cost of fuel, labor, and equipment and building depreciation; (2) purchases of merchandise involved in production, such as seeds, cuttings, bulbs, and plants; and (3) any other expenses directly involved in the operation of the greenhouse.

Cut flowers or potted plants produced in quantity by the greenhouse for the retail store should be charged to the store when they are delivered, just as they would be charged to any other outlet. This procedure has the following advantages:

1. It places responsibility where it belongs. You know at the end of the year how the profits or losses of the store and the greenhouse compare.
2. It prevents store employees from cutting extra flowers without recording the sale.
3. It ensures that crops will be cut at the proper stage of development and properly conditioned in the refrigerator before delivery to the customer.
4. It ensures more efficient operation, and efficient operation means increased profits.
5. It gives the store manager a more accurate knowledge of his merchandise costs and enables him to keep a tighter merchandise control. Without the records, he has to operate in the dark where markon and profit margins are concerned.

A simpler method. For many retail growers, the recordkeeping involved in charging flowers to the retail store every time they are delivered may seem too complex. Yet it is important to know for each of the two operations whether it is showing a profit or a loss.

It is reasonably easy for a small establishment to separate the operating and overhead costs for the greenhouse from those of the store. If plants or flowers are sold at wholesale to outside firms, a separate record of these sales is also kept. At the end of the year, after all expenses have been paid and inventories accounted for, the total greenhouse production costs minus the total returns from the outside sales

is taken as the cost of the merchandise grown for sale through the retail store.

The cost of the merchandise grown for sale in the store plus the cost of perishable merchandise purchased for resale gives the total perishable merchandise cost. This total cost divided by total net sales gives the perishable merchandise costs for the year as a percent of sales.

Weakness of the simpler method. With this system, unfortunately, you can't be sure of your perishable merchandise costs as a percent of net sales until the end of the year. And without this information, you can't be sure that your markon from week to week will provide an adequate profit, nor that operating expenses have been kept as low as possible. Some control is lost.

You can't be sure, either, that overhead costs in your store and in your greenhouses are being kept in line from week to week. Inefficiencies or poor business practices may creep in that will prevent your making a good profit. Items of expense that are out of line and management problems needing attention are likely to go undiscovered until the end of the year. By then, your losses could be considerable.

Mending the Leaks

Inefficiencies can occur in many places in the greenhouse, and you must know where these places are. There is only one source where the money these inefficiencies cost can come from—your net profit.

Here are some of the shortcomings most often responsible for high overhead expenses in a greenhouse:

1. Planning of day-to-day and long-range operations may be faulty or completely lacking.
2. A poor physical layout in your plant may cause excessive labor costs and other overhead expenses.
3. Lack of training and supervision of personnel may lead to wasted time or inefficient methods. This cuts down on the output per man.
4. Equipment may be outdated and inefficient. Modern labor-saving equipment such as automatic watering devices, automatic ventilation and heating controls, and mechanical soil, fertilizer, and fuel-handling equipment can greatly reduce your labor costs.
5. Heating costs may be too high. This can be the result of faulty or antique equipment, pumps that are not operating properly, faulty controls, or even the use of an inefficient fuel.
6. The greenhouses may not be producing as many plants and flowers as they should. Production may be low because of improper

growing methods or poor planning. You may have too much empty bench space too many days out of the year. The quality may be poor.

A busy proprietor may know these faults exist in his greenhouse operation but put off doing anything about them until he is confronted with the results on a profit-and-loss statement. Then he usually takes action to correct them. This is one reason why it is best to prepare an operating statement weekly or monthly rather than only at the end of the year.

If Your Greenhouse Space Is Limited

A final suggestion on the retail growing operation: If you have only a limited amount of glass, it is probably most profitable to use it for crops that can be grown quickly or as a finishing-off area for plants.

The more often you can "turn" the money you have invested in each square foot of bench space, the more profit it will bring. If you have $100 invested and turn it once a year at a profit of 6 percent, the investment has made $6.00 for you. If you turn it 6 times a year and make the same percent of profit each time, it has earned $36.00.

That's one of the reasons for the suggestion that the space be used for merchandise you can turn often—or for display area that will enhance the sales effectiveness of your shop.

Chapter 18

Flowers by Wire

Sending flower orders by telephone, telegraph, cable, or mail to almost any town or city in the United States and Canada—in fact, to cities throughout most of the world—has become an important part of the retail flower business. The extent of this type of delivery service in the florist industry is unique in retail marketing. Some gifts are handled that way, but no other retail item has approached the volume done by florists. From 12 to 15 percent of the gross sales volume done by most florists is handled through the wire organizations to which they belong.

The idea of sending flower orders from a florist in one city to another florist hundreds or thousands of miles away first came up in 1892 at a meeting of the Society of American Florists in Washington, D. C. The idea became a reality in 1910 as an outgrowth of those earlier discussions.

A member-owned association was formed under the name of the Florists' Telegraph Delivery Association, and that association has continued to operate. Now known as the Florists Transworld De-

livery Association, it has greatly expanded its operations and services. It is still member owned, controlled, and operated.

The Wire Organizations Today

More recently, other organizations have come into being with a purpose similar to that of the Florists Transworld Delivery Association—that is, to provide extensive service to the florist industry, including helping customers send flowers to recipients in other parts of the United States, Mexico, and Canada or throughout the world. Two other important organizations providing this type of service in the United States are Teleflora, Inc., and Florafax Delivery Inc. United Flowers by Wire Service, Ltd., is a smiliar organization functioning principally in Canada. These organizations are privately owned and operated.

Foreign Orders

Foreign orders are handled by the Florists Transworld Delivery Association through its overseas affiliate, Interflora, but "FTD" also has members throughout Canada and in Central and South America.

Teleflora has established reciprocal arrangements in many foreign countries through independent wire organizations operating within those countries.

Florafax has a reciprocal working arrangement with United Flowers by Wire Service Ltd. in Canada and has contacts with agents in many foreign countries through whom orders may be transmitted. The agent, in turn, handles the details for delivery of the flowers within his country.

How It Works

Each of the organizations publishes monthly a current membership list that goes to all the members. If a customer in Los Angeles wants to send flowers to someone in New York, the Los Angeles florist selects a member in New York and transmits the order directly to him by telegraph, telephone, or letter. The New York florist delivers the flowers. The customer pays the telegram or telephone charges in addition to the cost of the flowers.

If there is no hurry about the delivery, the order can be transmitted by the member florist by mail. In that case, the additional charge to the customer is very small. The sending florist may also make a small service charge (50 cents per order in most cases).

The receiving florist delivers the order in the full amount requested by the customer. That is, if the order calls for $10.00 worth of flowers, $10.00 worth will be delivered. The receiving florist allows the sending florist a commission of up to 20 percent (depending on the amount of the order) to help offset the overhead costs involved in taking and transmitting the order. The commission is automatically taken care of when the order is processed through the organization's clearinghouse.

The Clearinghouse

Each of the wire organizations operates a clearinghouse that functions very much like a bank clearinghouse. The sending florist, who is paid by the customer, is not billed directly for the order by the florist who supplies the flowers. Instead, at intervals established by the association, each member florist compiles a report listing all orders filled and delivered for other members during the period covered. These reports are processed through the clearinghouse.

At the clearinghouse, each member's account is credited for orders he has filled and charged for orders he has transmitted. A charge based on the orders handled is made to the individual members or subscribers to cover the cost of handling the orders and operating the organization.

If a member or subscriber has sent to other florists orders totaling more in dollar value than orders he has received and filled, he is billed for the difference plus the clearinghouse charges. If he has received and filled more orders (dollar value) than he sent out, he receives a check from the clearinghouse covering the difference less any clearinghouse charges.

Other Services of the Wire Organizations

In addition to transmitting flower orders, the wire organizations have performed an outstanding service to the entire retail floral industry with their educational programs in floral designing, management, and marketing. Through its extensive consumer advertising program, the Florists Transworld Delivery Association has done much to promote flower sales generally. Teleflora and Florafax provide point-of-purchase materials and other dealer aids for their subscribers to help stimulate wire-order sales and flower sales in general.

Application for further information and for membership in any of the wire organizations must be made directly to their home offices. The addresses are given in chapter 19 (page 121).

Chapter 19

Where To Get More Information

No matter how busy you are as a retail florist (and you will be *very* busy), you must be constantly active to increase your knowledge. You must keep informed about new developments—new ideas in business management, new ways to attract and hold customers, new techniques and materials for raising and caring for flowers and plants, new varieties, new trends in customer tastes, changes in market conditions in your community and in the Nation as a whole. The list is endless.

It is important to establish good relations with your suppliers and with other florists in the community. They are important sources of information. Books, periodicals, and associations are other sources. The list given here can't be all-inclusive. It can only suggest a few sources that will lead you to still others.

The most complete list of references for further information about the floral industry is probably *Roots and References: A Selected Bibliography for the Retail Florists and Growers of Michigan*, prepared by Mrs. John Henry Dudley and avail-

able from the Michigan State Library at Lansing, Michigan. In addition to publications of interest to florists, *Roots and References* lists the universities and colleges throughout the country where floriculture is taught. It also lists the commercial florists' design schools.

Periodicals

The following list of periodicals of the retail floral industry includes those published in Canada but does not include regional publications.

Canadian Florist. Biweekly. $2.50 a year in the U.S. Greenhouse and Nursery Publishers, P.O. Box 309, Streetsville, Ontario, Canada.

Flower News. Weekly. $5.00 a year. Central Flower News, Inc., 549 West Randolph Street, Chicago, Ill. 60606.

Florist & Nursery Exchange. Weekly. $8.00 a year. Florist & Nursery Exchange, 434 South Wabash Avenue, Chicago, Ill. 60605.

Florists' Review. Weekly. $9.00 a year. Florists' Publishing Company, 343 South Dearborn Street, Chicago, Ill. 60604.

Southern Florist and Nurseryman. Weekly. $7.00 a year. Southern Florist Publishing Company, Inc., P.O. Box 1868, Fort Worth, Tex. 76101.

The following periodicals are published by national wire organizations and are available only to members.

Florafacts. Monthly. $12.00 a year. Florafax Delivery, Inc., P.O. Box 9, Leachville, Ark. 72438.

Florist. Monthly. $8.00 a year. Florists' Transworld Delivery Association, 900 West Lafayette Boulevard, Detroit, Mich. 48226.

Teleflora Spirit. Monthly. $15.00 a year. Telepublications, Inc., 900 North Sepulveda Boulevard, El Segundo, Calif. 90245.

United Florists News. United Flowers by Wire Service Ltd., P.O. Box 501, Station F, Toronto 5, Ontario, Canada.

Books on Management

How To Make Money in the Flower Business, by Bert Oram. Oram Flowers, Inc., 820 East High Street, Lexington, Ky. 40502.

How To Organize and Operate a Small Business, by P. C. Kelley and K. Lawyer. 3d ed. 1961. $9.95. Prentice-Hall, Inc., Englewood Cliffs, N. J. 07632.

Retail Florist Business, by P. R. Pfahl. 1968. $7.95. Interstate Printers & Publishers, Inc., 19-27 North Jackson Street, Danville, Ill. 61832.

Small Business Management, by H. S. Broom and J. G. Longenecker. 2d ed. 1966. $9.00. South-Western Publishing Company, 5101 Madison Road, Cincinnati, Ohio 45227.

Books on Floral Design

The Art of Floral Design, by G. Rymer. 1963. $7.50. Vantage Press, Inc., 120 West 31st Street, New York, N.Y. 10001.

The Complete Book of Artificial Flowers, Foliage and Fruit, by M. Schmitt. $4.95. Hearthside Press, Inc., 381 Park Avenue South, New York, N.Y. 10016.

Design Guidelines, by D. A. Krupinski. 1965. $3.00. Florists' Publishing Company, 343 South Dearborn Street, Chicago, Ill. 60604.

Floral Arrangements for All Occasions. 1963. $5.00. Rittner's School of Floral Design, 345 Marlborough, Boston, Mass. 02115.

Floral Art for Religious Events, by Leon J. Tolle, Jr. 1969. $8.95. Hearthside Press, Inc.

Flower Arrangements Through the Year, by V. Stevenson. $5.75. Transatlantic Arts, Inc., North Village Green, Levittown, N.Y. 11756.

Flower Decoration for the Table, by V. Stevenson. 1965. $3.98. The Viking Press, Inc., 625 Madison Avenue, New York, N.Y. 10022.

Flowers, Free Form Interpretive Design, by M. Benz. $15.00. San Jacinto Publishing Company, P.O. Box 66254, Houston, Tex. 77006.

Flowers, Geometric Form, by M. Benz. 1966. $20.00 San Jacinto Publishing Company.

Holiday Flower Arrangements, E. H. Cyphers, editor. Rev. ed. $4.95. Hearthside Press, Inc.

New Complete Book of Flower Arrangement, by F. F. Rockwell. 1960. $5.95. Doubleday & Company, Inc., 501 Franklin Avenue, Garden City, N.Y. 11530

Vogue in Flowers. 12th ed. 1963. $3.00. Florists' Publishing Company.

Wedding Flowers, Decorations and Etiquette, by Virginia Clark. 1966. $6.95. Hearthside Press, Inc.

Associations

The Society of American Florists, 901 North Washington Street, Alexandria, Va. 22314.

This is the national organization. Many local, State, and regional florists' associations throughout the country are doing an excellent job of serving their members and the industry. It is impossible to list them all here.

Wire Services

FLORAFAX DELIVERY, Inc., P.O. Box 9, Leachville, Ark. 72438.

FLORISTS' TRANSWORLD DELIVERY ASSOCIATION, 900 West Lafayette Boulevard, Detroit, Mich. 48226.

TELEFLORA, INC., 900 North Sepulveda Boulevard, El Segundo, Calif. 90245.

FLOWERS CANADA, 3107 Dundas Street West, Toronto 9, Ontario, Canada.

UNITED FLOWERS BY WIRE SERVICE, Ltd., 25 Bloor Street West, P.O. Box 501, Station F, Toronto 5, Ontario, Canada.

U.S. Government Publications

Annotated Bibliography of Floriculture and Ornamental Horticulture (ERS-337). 1967. Free. U.S. Department of Agriculture, Economic Research Service, Washington, D.C. 20250.

Buying and Selling a Small Business, by V. L. Bunn. 1969. $0.75 Superintendent of Documents, Washington, D.C. 20402.

Financial Recordkeeping for Small Stores, by R. C. Ragan. 1966. $0.50. Superintendent of Documents, Washington, D.C. 20402.

A Graphic View of the Retail Florist Industry: Marketing and Management Practices (Marketing Research Report No. 788, Department of Agriculture). 1967. $0.35. Superintendent of Documents, Washington, D.C. 20402.

Retail Florist. Small Business Bibliography No. 74. 1967. Free. Small Business Administration, Washington, D.C. 20416.

Tax Guide for Small Business. Issued annually by the Internal Revenue Service. $0.60. Superintendent of Documents, Washington, D.C. 20402.

SBA-115A, Free Management Assistance Publications, and *SBA-115B, For Sale Publications.* Free. These are complete lists of management assistance publications issued by the Small Business Administration and currently available. They may be obtained from any SBA field office or from the Small Business Administration, Washington, D.C. 20416.

* U. S. GOVERNMENT PRINTING OFFICE : 1974 O - 531-502